

Economic Growth in Cape Town

An Assessment and Redirection of Cape Town's Spatial Development Framework

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Abstract

A challenge presented to city planners in Cape Town concerns the need to remedy spatial injustices and economic inequalities polarizing the city's population. However, the current SDF does not sufficiently establish that the Voortrekker Road Corridor is the likely location for Cape Town's future economic backbone. This dissertation questions the feasibility of the Voortrekker Road Corridor project by testing the hypothesis that the city's future economic backbone is unlikely to be situated along the West-East Voortrekker Road Corridor.

This is accomplished by analysing growth trends in the non-residential property market. Evidence supporting the hypothesis was drawn using Geospatial Information System (GIS) analysis of the city's recent spatial economic development using non-residential building area completions between 2005 and 2012. Informing these findings, interviews were conducted with property brokers, development managers and a senior urban planner at the City of Cape Town in order to gain expert insight into the property market in Cape Town. Rode's Report analysing Cape Town's property market for the first quarter of 2013 was also consulted, along with other reputable secondary sources. The results were and formed strong case for the nature of the city's current spatial economic trends.

It was found that the most rapid rate of spatial economic growth is occurring along two north-south axes towards the northern peripheries. These development axes are broadly situated along N7 on the West Coast and along the R300's northern segment towards Tygervalley and Brackenfell. What is more, spatial economic development is developing in several nodes, rather than along a single corridor. These have implications for planning to remedy spatial economic injustices in the city. It is argued that the SDF overestimates the capacity of planners to shape the course of spatial development, as is reflected by the encouragement of the East-West Voortrekker Road Corridor vision.

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Abbreviations and Acronyms

ANC	African National Congress
ASGISA	Accelerated and Shared Growth Initiative for South Africa
CBD	Central Business District
CID	City Improvement District
CoCT	City of Cape Town
CT	Cape Town
GDP	Gross Domestic Product
GEAR	Growth, Employment and Redistribution
GIS	Geospatial Information System
IDP	Integrated Development Plan
IMF	International Monetary Fund
MAYCO	Mayoral Committee
RSC	Regional Service Council
SDF	Spatial Development Framework
SRA	Special Rating Area
UDZ	Urban Development Zone
VRCID	Voortrekker Road City Improvement District

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CHAPTER 1:

Introduction

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1.1. Introduction

The effects of past planners ill-planning of South Africa's cities, based on the political rhetoric of racial inequality, are well known. Planning urban interventions and managing economic growth to benefit all the city's citizens involves facilitating access to economic opportunities in an effort towards rectifying the spatial injustices of the city. The implications of the City of Cape Town's spatial visions for future Cape Town – and guidance regarding public expenditure – are very serious in a city with stretched resources, as these visions could either aid in remedying the spatial, social and economic injustices of the past, or exacerbate them.

Thus, it is city planners' responsibility to understand, as far as possible with consideration of the latest information available, the spatial trends in the area in which they are planning interventions. This is a particularly pertinent responsibility in Cape Town, as the city remains highly spatially, economically and socially divided; some residents live wealthy lifestyles while others are impoverished with little means of uplifting themselves from their disadvantaged economic and spatial margins. In light of this responsibility and in agreement with this imperative, this dissertation investigates and critiques the way in which the Cape Town Spatial Development Framework (CTSDF, hereafter referred as the SDF) seeks to manage economic growth in a way that is inclusive and provides economic opportunity for those who have little. The SDF's engagement with Cape Town's spatial economic trends will be investigated as it advocates the steering of development through public investment towards particular locations in order generate opportunity and prospects of employment where they are most lacking.

1.2. Problem Statement and Hypothesis

Figure 1.1 (Spatial Development Framework Concept Vision or Cape Town) illustrates the city's conceptual vision for future Cape Town in terms of its spatial growth, areas where intensive development will be encouraged, where activity needs to be intensified, its future

transportation infrastructure, and key destination places. This vision and its growth also take into consideration its natural assets and marks where development cannot expand to by use of an urban edge (City of Cape Town 2012a).

The area of highest interests is along the Voortrekker Road Corridor following an East–West direction. This area is to become the city’s future economic backbone, and thus public investment, particularly geared towards economic development through infrastructural upgrades, will be implemented in an effort to rejuvenate the area and encourage private investment. This spatial strategy complements the City of Cape Town’s 2012–2017 Integrated Development Plan (IDP), a document outlining where and on which strategic projects the City will spend public money over the next five years (City of Cape Town 2013a). This study, however, will examine the SDF’s plan for investment and development and test the hypothesis that the Voortrekker Road Corridor is not set to become the city’s future economic “backbone”, or primary corridor of economic activity, as is encouraged by the SDF (City of Cape Town 2012a, p.40).

Spatial Development Framework Concept Vision for Cape Town

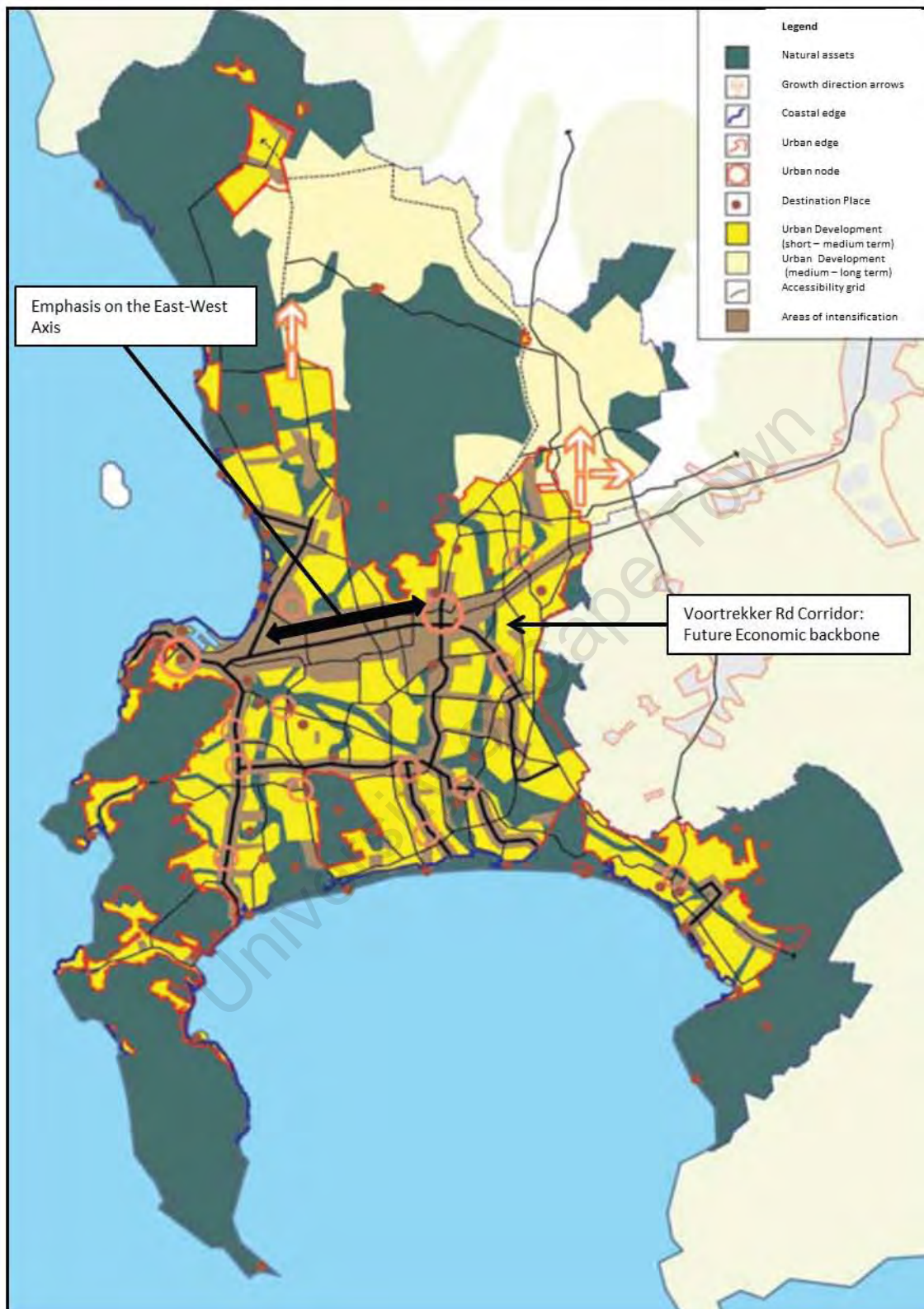


Figure 1.1. "Spatial Development Framework Concept Vision for Cape Town" (City of Cape Town 2009b)

1.3. Purpose of Study, Research Objectives

The purpose of this study is thus to investigate the hypothesis that Voortrekker Road is not suited to becoming the city's future primary economic corridor. An analysis of the spatial economic trends across the city will be undertaken to ascertain where in the city most non-residential development is occurring in reflection of investor confidence in these areas rather than others. The city's spatial economy and its growth will then be considered in relation to the City of Cape Town's SDF and its vision for future Cape Town. The research objectives are therefore to understand the city's spatial economic development activity trends, the congruency of the SDF in terms of responding to the spatial economy, and how the City needs to be engaging with the current trends across the city to yield the greatest benefits.

1.4. Definitions, Scope, Assumptions, Limitations

The area being considered in this study is limited to the Cape Town's administrative boundaries, as illustrated in figure 1.2. (Cape Metro: Municipal Boundaries 2011). These boundaries have been selected to mirror those used in the SDF and to coincide with the various types of existing data for the city and the spatial boundaries that this data uses.



Figure 1.2. "Cape Metro: Municipal Boundaries 2011" (Municipal Demarcation Board 2013)

1.4. Definitions of Terms

This report refers to the 'City' and the 'city'. When capitalised, the 'City' refers to the municipal governing body referred to as the City of Cape Town. The 'city', when not capitalised, refers to the settlement of Cape Town. The 'economy', as the term is used here, refers to primary, secondary and tertiary activities, their positive or negative growth over the years, and their annual Gross Domestic Product (GDP), which is the monetary value of completed goods and services that are produced within an area's borders. This calculation includes public and private consumption, investments, and government expenditure, less the sector or activities' imports in monetary value from areas outside the area's borders.

The 'space economy' concerns the spatial patterns that are influenced by economic factors that include supply and demand, investor preferences and economic activity property requirements. Similarly, 'spatial economic growth' refers to how the space economy is growing in the city that constitutes its physical expansion, spatial densification of economic activity, increased investor interest and higher rates of investment. While it is acknowledged that residential and service sector growth constitutes an important part of the way in which the city's economy operates, this study focusses on how the economy influences spatial patterns in Cape Town, rather than how space in Cape Town influences the economy. My definition of 'economic activity' relates to how it has been measured by GDP, which considers the economy in terms of the rates of private consumption, government spending, exports less imports, and gross investment into a particular area's economy. In all cases, Cape Town's GDP will be considered to measure economic activity.

In many cases, the city's primary, secondary and tertiary sectors are referenced. The primary sector relates to economic activities that involve extracting or retrieving raw materials. In Cape Town, the dominant activities in the primary sector include agriculture, forestry, fishing, and a very small mining component. The secondary sector involves processing these raw materials into products. In Cape Town, dominant secondary sector activities include manufacturing, processing and provision of electricity, water and gas and construction. The tertiary sector involves the provision of services to businesses and other consumers. The dominant tertiary sector activities in Cape Town involve wholesale and

retail trading, provision of accommodation, catering, community and personal services, transport, communication and storage services.

1.5. Scope of Study, Limitations and Assumptions

The scope of this study does not allow for an in-depth study of important factors that influence the economy and the city's spatial pattern. These considerations might include, but are not restricted to, the particular residential development trends, the social understandings and associations of space in the city, the resident's preferences of employment location and ideas for economic empowerment, what they would argue are their primary needs and concerns and therefore, their opinions for where public money should be spent. While the City's natural assets, their locations, and their need to be protected, this study has not concentrated on the implication of current trends on the environment, but rather, the residents of Cape Town. This study therefore will not attempt to reconstruct the SDF. Rather, it focusses on the space economy in particular and evaluates the ways in which the City engages with the spatial economic trends in Cape Town and needs to in the future.

For the purposes of this study, it has been assumed that the most effective way to rectify spatial inequalities is to increase access of the impoverished to areas of greater economic opportunity. However, this access merely considers physical access. Other types of access might include social access in terms of the education required to benefit from these job opportunities or issues of access based on lifestyle allowances, as many might not have the time or ability to work further away from their homes due to commuting time costs or domestic responsibilities.

1.6. Brief Chapter Overviews

This chapter introduces the questions being studied and gives a broad outline as to the direction this study will take and what the report will comprise. Chapter 2 outlines the

methods of analysis carried out in this study and explains the decisions taken throughout the analysis process. Chapter 3 provides a comprehensive review of related theoretical literature over the past 10 years in order to understand current theory regarding spatial economic growth, with a particular focus on cities of the Global South.

Chapter 4 outlines the spatial evolution of Cape Town since 1652, when the Dutch first settled in Cape Town. This chapter contextualises the city's current spatial growth and its historical spatial drivers in order to better explain both the current conditions of the city and what the City's SDF attempts to do to remedy the negative legacy of apartheid, while also identifying the dominant trends that have had a strong hand in the city's urban development and that are changing.

Chapter 5 analyses the city's spatial economy in greater depth with the goal of highlighting where the city's most prominent areas of growth are, while also testing the hypothesis that Voortrekker Road is not set to become the future primary economic corridor in the city. Economic growth is investigated in terms of its GDP as well as its spatial component. Chapter 6 follows from this analysis and evaluates the City's SDF in light of the findings of Chapter 5. This evaluation is conducted in order to determine the appropriateness of the City's vision for the Voortrekker Road Corridor. This chapter also provides recommendations regarding the City's plans for public spending to draw the interests of private investors.

1.7. A Shared Objective

This report shares the essential ideals held by the City of Cape Town. In particular, this includes increasing the accessibility of economic opportunities in the metro South East to rectify the spatial inequalities in the city. It is hoped that this report will help inform the understanding of the current space economy in Cape Town in order to inform spatial planning and investment strategies geared towards uplifting the poor, partly through economic development.

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CHAPTER 2:

Methods

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2.1. Introduction

The purpose of this chapter is to explain how research was conducted for this study. In order to investigate the relationship between Cape Town's economy and the way in which it affects urban spatial patterns, a variety of methods were used to uncover the common spatial economic trends. These were used to inform each other to establish a more accurate picture of the city's spatial economy, rather than relying on a single particular method's results. For this investigation, insight from property experts was examined, along with other academic studies, official government reports and Rode's Report on the current property market and spatial development trends (City of Cape Town & Dept. Building Development Management 2012a; Sutton 2013; Marais 2013; Smit 2013; Commerford 2013b; Wylie 2013; Rabe 2013b; WESGRO & City of Cape Town 2013; Rode & Associates 2013c)

Figure 2.1. (Study Methodology) outlines the process of which this document will follow in order to reach its final conclusions regarding Cape Town's spatial economic growth, how the SDF engages with these trends and what the SDF needs to be encouraging. It also indicates how this document is structured in relation to this analysis.

Study Methodology

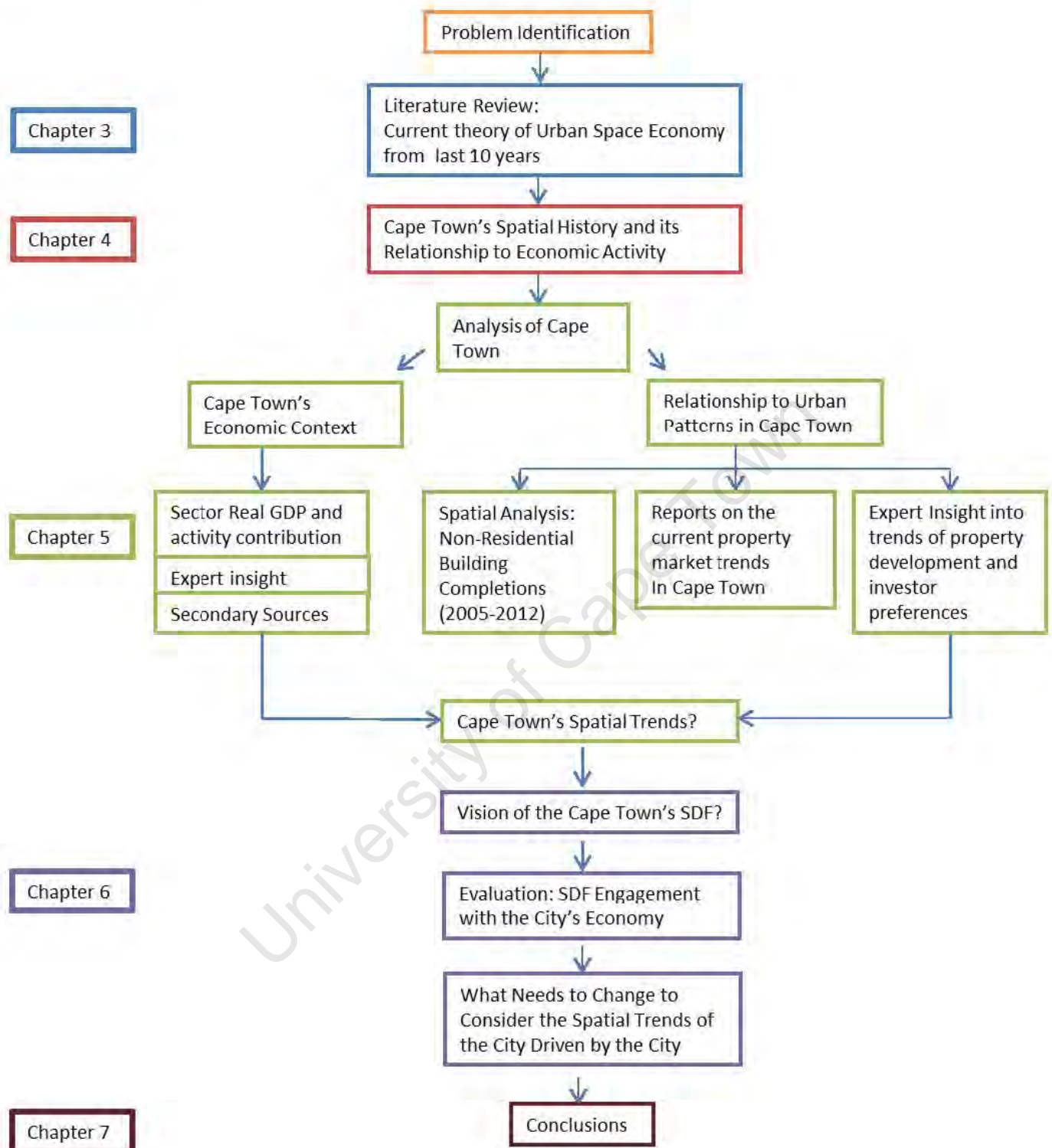


Figure 2.1 "Study Methodology"

2.2. Research Questions to be Investigated

The following primary research questions were investigated using the methods explained below.

- a. What are the current patterns and trends of (formal) economic growth in metro Cape Town?
- b. What is driving (influencing) these patterns and trends?
- c. Is this likely to continue into the foreseeable future?
- d. What will the impacts of this growth be on the overall spatial structure of the metro?
- e. What will the impacts be on issues such as access to jobs for the majority of the population?
- f. Are the current trends to be supported or countered?
- g. How are the current trends different to those identified in the SDF?
- h. Are the space-economy proposals contained in the SDF able to be realised?
 - a. If not, would it be counter-productive to support these proposals?
- i. What position should planning take in relation to current economic trends in CT?
- j. How would a future SDF look if it worked with current trends rather than against them?

2.3. Literature Review

Most of the articles reviewed here are international, yet they have been selected based on their contents' relevance to this study. They apply to cities of the Global South and, particularly, how they conceptualise issues relating to the economy and its spatial connections (Shatkin, 2007). The following key words were used to search several databases: "space", "spatial", "urban", "growth", "space economy", "economy", "economics", "econometric" or "economic and development" and, later, also "Cape Town" and "South Africa". These searches were conducted in the following journals: Urban Studies, Urban Forum, Urban Affairs Quarterly, Development Southern Africa, Cities, Economic Development Quarterly, Development and Geoforum, which were selected based on the content they offer, their popularity, and on recommendation from the University of Cape Town Library and Vanessa Watson.

The literature was sorted into categories determined in relevance to this study as well as what the common themes were appearing in the text. The main categories considered include the following:

- a. How does the literature apply in the Global South?
- b. How do economic forces influence urban spatial patterns?
- c. What are the effects on the city's residents?
- d. How do urban spatial patterns shape the city's economic activities?
- e. To what extent can planners 'bend the trend' by influencing the urban economic spatial dynamic?

Insight from the recent literature served as a guide (not a direct informant) for conducting the analysis of Cape Town's space economy, while also providing insight into the findings of this study and the subsequent proposals to the City's SDF.

2.4. Investigating the Historical Spatial Trends in Cape Town

Chapter 4 (see figure 2.1.: Study Methodology) uncovered the way in which the city has developed; particularly with regards to how its economic function and accorded activities shaped the city's spatial pattern. This provided a deeper understanding of the city's spatial history as it relates to the current spatial and economic trends in Cape Town, and how they came into being.

The spatial development of Cape Town was explored between 1652 when the Dutch first settled in the Cape, until 2005, from which Chapter 5 continues. Cape Town's spatial development as investigated through the use of maps and how their urban footprint expanded over the years. The direction in which development was expanding in response to economic and political demands of the time was investigated. Explanations for this growth accompanied these maps to explain the particular infrastructural and land use developments that facilitated this spatial economic expansion. This was used to provide a foundation on which Chapter 5 will build on investigating the city's current spatial economy.

2.5. Interviews

Evidence from interviews was considered from brokers and development managers as well as from Claus Rabe¹, a senior City Planner at the City of Cape Town (see addendum for consent forms). These interviews will be used in order to ascertain what the current trends are in the property market in order to understand what buildings and their conditions are in demand as well as investor preferences.

The property brokers interviewed included Clinton Marias² and Stuart Sutton³ from Broll Property Group and Michael Wiley⁴ from Safcom Properties. Marais, Sutton and Wylie were interviewed for their knowledge of the property market in Cape Town and because of their regular contact with landlords and tenants voicing their preferences for different types of property. Alan Commerford⁵ and Hein Smit⁶ from Old Mutual Property were interviewed for their knowledge of the property market from a major property investment company's perspective. They were able to provide insight into the demands for particular types of property in Cape Town, and where they believed investors were likely to spend their money.

The brokers and development managers were asked to explain the property market trends on a metro scale as well as a more localised scale focussed on the Voortrekker Road Corridor and other areas they believed were showing rapid rates of development. They were also asked to give their opinion on the City's vision of future Cape Town as illustrated in the SDF, and whether they had faith in it materialising; particularly the proposal to encourage investment along the Voortrekker Road Corridor.

Claus Rabe, a Senior Planner from the City of Cape Town's Spatial Planning and Urban Design Department was also interviewed in order to get updated information regarding the

¹ Claus Rabe, Senior Planner at the Department of Spatial Planning and Urban Design, City of Cape Town, 10 August 2013. Interviewed at the City of Cape Town Civic Centre

² Clinton Marais, Broker at Broll Properties. 5 September 2013. Interviewed at Broll Properties Cape Town Office, 34 Bree Street, Cape Town.

³ Stuart Sutton, Broker at Broll Properties. 5 September 2013. Interviewed at Broll Properties Cape Town Office, 34 Bree Street, Cape Town.

⁴ Mike Wylie, Broker at Safcom. 21 August 2013. Private residence, Constantia.

⁵ Alan Commerford, National Development Manager at Old Mutual Property. 23 August 2013. Interviewed at Mutual Park, Pinelands.

⁶ Hein Smit, National Development Manager at Old Mutual Property. 23 August 2013. Interviewed at Mutual Park, Pinelands.

spatial economic trends in the city since the SDF was approved in May 2012 and to determine if any new trends were emerging. He was able to provide a public-sector perspective on where spatial development needs to be encouraged in support of the SDF. He was also able to explain in greater detail the argument supporting the vision of the SDF, while providing insight into what he believed needed to be done to realise the SDF's spatial economic vision.

The interview will be semi-structured; take the form of a guided conversation applying the anthropological method of semi-structured interviewing. Questions have been constructed and approved by the UCT Build Environment Ethics Committee (see addendum). This freedom will give the subject confidence to answer freely and raise issues they thought were important that might not otherwise be uncovered. It also allows for follow-up questions that may be deemed appropriate given the subject's response. Body language and syntax will also be considered when interpreting the answers, as some questions ask for the subject's response to the SDF and their opinion about client preferences and property market trends (Bernard 2006).

2.6. Secondary Sources

Insight from official and academic sources will be used to inform the analysis conducted in this study. These documents include the Detailed Economic Sector Analysis Draft Report (City of Cape Town 2009a), the Draft Analysis of the Cape Town Spatial Economy: Implications for Spatial Planning (City of Cape Town 2010), the City of Cape Town: District Fact Sheet (WESGRO & City of Cape Town 2013), the OECD Territory Review: Cape Town, South Africa and that investigated by Sinclair-Smith and Turok's The Changing Spatial Economic of Cities: an exploratory analysis of Cape Town. (2012), and lastly, Rode's Report on the South African Property Market for the first quarter of 2013 (Rode & Associates 2013c). These articles are all reputable as they are either official documents or published in a respected and peer-reviewed journal.

2.7. Observations

In order to ensure that the information reported in the Voortrekker Road Status Quo Report (2012e), the activities, conditions of the buildings as well as the atmosphere of each section of the road was observed and recorded for future reference. These observations were conducted in late September 2013 when the study of the Corridor was being conducted (as presented in Chapter 5) in order to engage with the space as it was being evaluated so as not to misrepresent its development potential and economic possibility.

2.8. Quantitative data

To illustrate spatial growth in Cape Town as it links to the economy, data indicating the area (square metres) of newly-built non-residential developments constructed between 2005 and 2011 (combined figure) as well as those during 2012 will be used. This data was acquired from the city's internal database on permission of Claus Rabe. This data had been categorised into three groups by the City of Cape Town's Building Management Department according to the types of economic activity they supported, namely; building and warehousing, office and banking, and retail.

2.8.1. Geographic Information System (GIS) Analysis:

Geographical Information System (GIS) analysis was conducted using ArcMap 10.0 in order to better understand economic development within its spatial context. The data used to illustrate this, provided by the City of Cape Town for the years indicating non-residential building completions recorded in particular areas between 2005 and 2012 will also be shown in graph form, to present and evaluate the numerical values of such development in different locations.

This method was used to answer the questions of where, and which kinds of, spatial economic development is expanding and/or densifying in Cape Town. It was also used to

determine which areas are thriving while others are stagnant, as measured by total new builds between 2005 and 2012, and the spatial distribution of economic growth in relation to where Cape Town's lower-income and spatially marginalised population reside. Maps were created and analysed based on different means of data representation as well as in conjunction with the information gained from interviews and other secondary sources in order to better understand the city's spatial economy.

2.8.2. Accounting for Area Variation with Counts

Illustrating these numbers as they were given would ignore the size of a particular area. Thus, the large and small areas showing the same counts will be illustrated as having equal building intensity spatially. However, by acknowledging the size of the area, a more accurate picture emerges regarding the density and intensity of development.

Much of the acquired data that was collected was of particular attributes by suburb. This raw data is attributed to suburb without consideration of the areas size. While this data might be useful for non-spatialised comparisons, it needs to be normalised in GIS in order to understand the rate of development in its spatial dimension. Illustrating this information on a map without consideration of the area's size will distort the data, as a large area with a count of 'x' might be the same as a smaller area with also with count 'x'. Thus, the values of area development do not take into account the size of the area surveyed. In order to correct for this, the total built area for building completions was divided by the area of the node, thus producing a value that more accurately reflects the density of the development.

This process was conducted using ArcGIS (Geographical Information System) using the built-in normalisation function. In MS Excel however, this was calculated without such a function by dividing the total built area by the area of the node. In all cases, the analysis to follow normalises the data in these ways.

2.8.3. Contextualising the Data

Parts of this analysis involved focussing on particular areas in Cape Town while considering their rate of development in comparison to other areas. This can be illustrated on ArcGIS in two ways: firstly, by understanding the particular node and illustrating its sections in isolation, and secondly, by weighing the observed area's data by that of other areas of the city. While neither are wrong, the second is more appropriate for this study. The first method involves isolating the particular node being looked at, which is composed of several values, and then uses the area values of the larger node to calculate its rate of development. However, this distorts the level of spatial development in other nodes, as the data values from other parts of the city are not considered. As this study seeks to highlight the emerging economic nodes in Cape Town at a metro scale, it is needs to consider nodes as they compare to others. Thus, the second approach was taken whereby an area was not isolated during its evaluation, but rather considered the data of the rest of the city.

2.8.4. Categorising the Data for Illustration

The dataset was found to be highly negatively skewed. Thus, categorising the data by ranking it and placing it into four equal groups would mask the skewed distribution of values on the graph (see Figure 2.2: Categorising of Data into Natural Breaks (Jenks)).

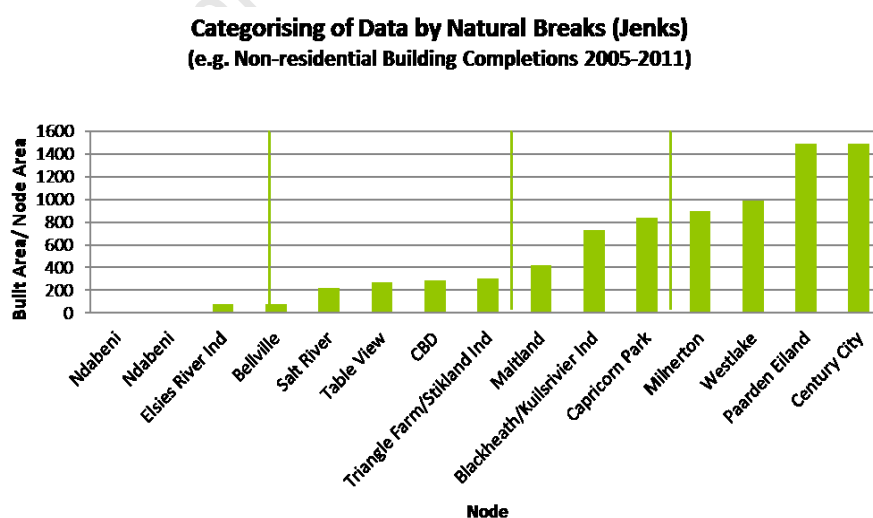


Figure 2.2, "Categorising of Data by Natural Breaks (Jenks) (e.g. Non-residential Building Completions 2005-2011)" (City of Cape Town & Dept. Building Development Management 2012a).

Presenting these values ranking from lowest to highest would mask this skewness in the data. Data has thus been arranged using the dataset's natural breaks, also called "Jenks", which are groupings of similar values in relation to the mean (see figure 2.2.: Categorising of Data by Natural Breaks (Jenks)). In this way, similar values are grouped together according to a specified number of Jenks in which the data must be categorised in order to illustrate the preferred level of detail. In this study, three or four Jenks will be used in order to create four or five groupings of data respectively (chosen based on the spread of the data and the number of Jenks needed as determined by the most obvious breaks in the data) in relation to its skewness distribution (see figure 2.3. "Arc GIS layer Analysis Explanation").

When interpreting the data categories in terms of high and low values, the distribution of the Jenks will be considered in order to understand the data's spread. In this way, values ('markedly low' or 'moderately high' areas of relatively high or low values in on a city-wide scale will be shown more obviously on the map (for clarification, see ESRI, 2012). Based on each Jenk's relation to the mean and its relative value to the others, descriptive values were assigned (e.g. "Moderately Low" and "Moderate"). Areas that had markedly higher or lower values based on the wider range of data within the single Jenk were labeled as 'markedly high' or 'markedly low' respectively (see figure 2.3. ArcGIS layer Analysis Explanation).

Figure 2.3. ("Arc GIS layer Analysis Explanation") below illustrates the natural Jenks in a dataset illustrated in figure 2.2. (Categorising of Data into Natural Breaks (Jenks)) by identifying three natural breaks in the distribution of the data. These groups are assigned values based on their position on the number line between the minimum and maximum values of the whole dataset in order to describe in words in accordance with how they have been grouped and what they are illustrating (see Figure 2.3. "Arc GIS layer Analysis Explanation").

ArcGIS layer Analysis Explanation

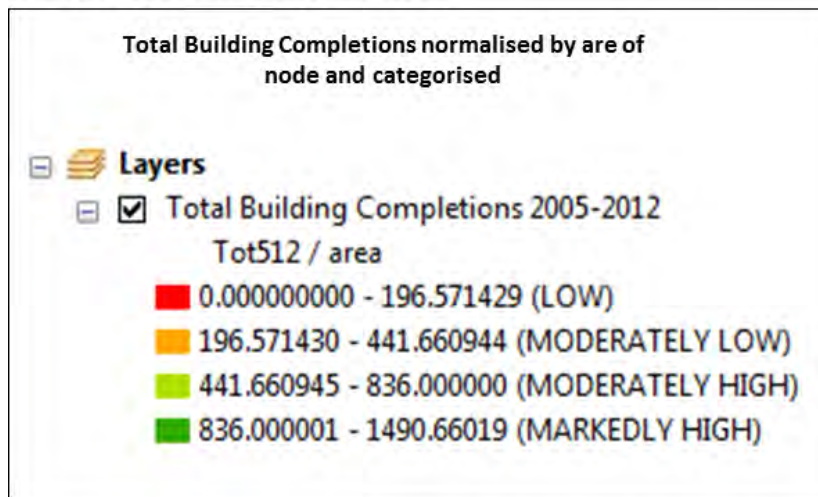


Figure 2.3, "Arc GIS layer Analysis Explanation"
(Data supplied by (City of Cape Town & Dept. Building Development Management 2012a)

2.8.5. Map Interpretation and Determination of Spatial Nodes and Axes

The axes have been identified by means of identifying bands of prominent non-residential building growth areas, as illustrated on the map and considering the spatial trends reported in the interviews and in the secondary sources. The method chapter thus uses both quantitative and qualitative evidence to investigate the city's spatial economy.

2.9. Reaching Conclusions Using the Information

In order to reach conclusions having conducted the procedures presented here, the results were triangulated by considering all the findings together. Thus, the qualitative information sourced from interviews and observations was considered with the results of the spatialised data, together with insights from secondary sources. Conclusions could therefore be reached regarding the rate of spatial development and the kinds of non-residential property that have been built between 2005 and 2012. The rate and location of this non-residential development, as concluded by the different analyses, indicated where investors are confident in spending their money based on expected growth returns in response to current business and property investor location interests.

This information was then weighed against the arguments proposed by the City's SDF while also reflecting on the literature published over the last decade relating to the space economy of cities of the Global South.. The strength of the SDF's proposals was then evaluated based on the findings of the research into the current spatial economic trends in Cape Town. Proposals were then presented for how the City should engage with the spatial economic conditions in order for its benefits to be shared by the city's residents, and those of the Metro South East in particular.

2.10. Conclusion

The purpose of this section was to explain the methods used in this study to reach conclusions about the City's spatial economic context and how these conclusions were weighed against the SDF. Several methods were presented and their use justified, which included interviewing, observations, the use of secondary sources, as well as GIS. The variety of methods used ensured that findings were not based on one particular method, but could be supported using several different methods of analysis.

University of Cape Town

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CHAPTER 3:

Literature Review

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3.1. Introduction

The question of how to understand the relevance of international urban economic literature as it applies to this study is imperative, as subsequent chapters will reflect on the literature reviewed here in order to understand the current economic and spatial patterns in Cape Town. This review will first address the need to consider the theory presented by various scholars as it applies to the Global South. The ways in which the economy shapes spatial patterns will then be explored with particular reference to how neoliberalism and globalisation trends are effecting business operations in their spatial context. The effects of these economic drivers on the city's residents will thereafter be explored. In order to more comprehensively represent the relationship between the economy and special patterns, the influence that space has on the economy will also be addressed. Finally, this review will address city planners' capacity to bend the trend of spatial economic development.

3.2. Framing the Literature within the Global South

Shatkin (2007) argues that much of the current literature rests on two assumptions. The first is that the desires of the elites situated in developing cities involved in spatial development are similar to those within Western cities; the second is that the so-called 'Western' hegemonic ideas of urban form are automatically transferred to emergent developing cities (Shatkin, 2007). Such assumptions and analytical frameworks ignore contextual specificities, such as a city's own public policy, environment, history, politics, social practice and economics (Shatkin, 2007). Framing urban processes and change using Western models creates a restrictive rubric whereby urban dynamics are understood within pre-conceptualised entities, while contextual variations are discounted. Such problem-framing can yield harmful economic, political, social and environmental impacts imposed by well-intended planners to rectify a problem that is identified through a lack of adequate understanding of economic processes and space within specific contexts (Shatkin, 2008).

In order to understand how international literature is applicable in the Global South, Shatkin (2007) presents a different model through which the urban economy and spatial associations can be understood. Rather than analysing the processes of developing cities as

they fit the mould of the 'developed' cities in Japan, Europe and the United States, one should seek to understand urban processes that account for local agency, emerging economic forces, and unique local context (Shatkin, 2007). This approach of understanding cities, and particularly the economy-space relationship, will therefore concentrate on emerging processes rather than outcomes as already witnessed in the Global North (Shatkin, 2007).

3.3. Economic Forces of Influence on Spatial Patterns

The following will explore the theory regarding the processes whereby economic forces are shaping urban spatial form. Where possible, literature is used to explore the conditions of the Global South in order to obtain a better understanding of the processes in this region, of which Cape Town, the focus of this study, is a part.

3.3.1. Neoliberalism, Globalisation and its Spatial Impact

Neoliberalism has become a powerful global force and is said to be "the hegemonic economic and geographical discourse of our time" (Narsiah, 2013). The concept of neoliberalism is a process that characterises the market-based policy and institutional shifts and realignment within a globalising world economy (Brenner & Theodore, 2005). The term has been used to describe the political, ideological and institutional reorganisation under capitalism by means of the 'free market' that is often imposed by one party on another (Brenner & Theodore, 2005).

Neoliberalism is being used to explain the current urban restructuring processes within cities in North America, whereby urban orders are being altered and remodelled. However, in agreement with Shatkin (2007), Brenner and Theodore (2005) maintain that any supposed linear models of urban restructuring under neoliberalism should be rejected as these transitions, while being driven by similar forces, have their own contextual realities and responses (Brenner & Theodore, 2005).

McDonald and Smith (2004) and Narsiah (2013) have studied the global discourse of neoliberalism and its influential spatial dynamics within Cape Town and South Africa respectively. These case studies together, along with the supporting theory reviewed here, make a strong argument for the presence of economic forces embodying the urban spatial order within Cape Town.

Narsiah's (2013) work provides a historical account of the processes by which neoliberalism has come to feature so strongly in South Africa. He argues that neoliberalism's strength in South Africa is a product of economic restructuring that followed the democratic transition in 1994 when international sanctions were lifted and new government-drafted development policies took shape (McDonald & Smith, 2004; Narsiah, 2013). Narsiah (2013) presents a narrative explanation to describe the economic restructuring as a process that has had spatial impacts (Narsiah, 2013). When municipality boundaries were revised in 1996 by the country's Demarcation Board, various factors were taken into account, which included administrative and financial capacities to provide macro-economic stability (Narsiah, 2013). The municipality's income became the primary determinant for the size of each provincial municipality. In this way, neoliberalism provided a national framework that directed how space was ordered and managed (Narsiah, 2013).

While it has been argued that the economic discourse of neoliberalism has been embodied into the spatial organisation of the country's administrative boundaries, literature shows that such spatial impacts of neoliberalism act at more localised metropolitan scales within the larger national context (McDonald & Smith 2004; Benit-Gbaffou et al., 2008; Didier et al., 2012). To understand how neoliberalism operates within cities, actors within the neoliberal system can be explored with regard to their spatial impact (Shatkin, 2007). The following will explore such impacts.

3.3.1.1. Business' Clustering Behaviour: Optimising Locational Benefits

An important economic driver of the utilisation of space involves the ways businesses operate and interact within urban spaces. Examples of such actions might include their

decisions to relocate in clusters to share common client attractions and to particular areas in rather than others to take advantage of economic opportunity the area as a whole creates (Feins & Shroder, 2005). Clustering helps maintain or enhance social network relations (Dicken & Malmberg, 2009) and allows clients and staff to benefit from better-quality public amenities (Lee et al. 2006; Horner 2008; Wang 2010).

3.3.1.2. Labour Flexibility as a Spatial Driver

Changing labour processes, their type and extent, are taking different forms and have varying effects on urban space (Shatkin, 2007). The “flexibilisation of labour” frame of understanding seeks to acknowledge the processes involving the changing economic insecurities and opportunities that exist within cities as they relate to labour and business (Shatkin, 2007).

Corporations situated within globalising cities are seeking labour that is cheaper, more adaptable, and flexible in order to gain the needed edge in the market and to maximise profit (Shatkin, 2007; McDonald & Smith, 2004). Businesses in cities are increasingly using outsourcing companies and labour brokers as a means to increase labour pool flexibility and respond to a fluctuating and pressurised global economic environment (Shatkin, 2007). Furthermore, the hiring of contract-based workers, as well as those who are able to work from home rather than travel to work, has also become common in the corporate sector and is gradually increasing within the public sector.

Thus, in using Shatkin’s (2007) model, complexities of labour processes within cities can be understood as a process of change, rather than as these labour complexities fit into an already-created model based on a ‘developed’ country of the Global North. The argument of using Shatkin’s (2007) model is that by understanding the processes of labour dynamics within a particular city, labour processes can feature more strongly when understanding the impacts of urban restructuring and its implications. Such an analysis will be more people-centred, opening space for the consideration of local agency and the context as Shatkin (2007) proposed.

3.3.1.3. Labour Mobility Enhancement on Spatial Patterns

Osland and Thorsen (2013) argue that there is a direct connection between housing prices and transport accessibility and the resulting commuting durations. It can be assumed that as business interests change and as do their labour needs, gradually different skill bases will be tapped into. This is problematic as skills are not evenly dispersed across the city, and, thereby, some groups will be given more opportunities than others, while others are economically marginalised with less opportunities on account of economic change (Osland & Thorsen, 2013).

The economy influences where various skilled people reside due to their increased income through benefiting from economic changes. If property values improve and utility rates increase, the cost of maintaining a house may become too high, either resulting in urban decline through lack of maintenance, or these residents being forced to relocate to less-favourably located, and therefore cheaper, parts of the city. This process has been studied in Global South contexts, particularly in China, where rapid economic shifts have resulted in mass relocation by the city's inhabitants to less favourable areas within the cities (Wu, 2004; Liu & Wu, 2006; Li, 2010). This phenomenon is worth considering as it is currently a feature within some parts of Cape Town and will be explained in greater detail in the following chapter.

Thus, it is argued that economic dynamics as understood through neoliberalism, resulting in labour flexibility and economic change, have an important role to play in how urban space is managed and valued (Gray, 2004; Shatkin, 2007; Tufts & Savage, 2009; Kronenberg & Carree, 2012; Osland & Thorsen, 2013). Economic processes shape urban spatial patterns and that, therefore, the urban economy has strong implications for how land is used and managed within the city. This is predominantly a result of neoliberal forces that drive economic change and the responses of the city's businesses.

3.4. The Effect on City Inhabitant

3.4.1. Urbanisation

Urbanisation is often studied on a spatial level by planners who are more concerned with its spatial attributes than with the experiences of those living within these settlements (Geyer & Du Plessis, 2013). The influx of people from the rural areas into the city is having massive implications for the function of cities (Geyer & Du Plessis, 2013). In 2009, 40% of Africa's 1 billion-strong population lived in rural areas. This percentage is expected to rise quickly, as the population is expected to double to 2 billion by 2050, merely 41 years later, with approximately 60% living in cities (Geyer & Du Plessis, 2013). This presents problems regarding the future spatial densities within cities, particularly in lower-income areas where many poorer rural migrants are forced to settle. Increasing populations present a real threat as current resource shortages are exacerbated further (Obeng-Odoom, 2013). Economic drivers of people towards the city, and the city's capacity to deal with such movement, will have a bearing on the existing and newer households alike as demands fluctuate (Todes et al., 2010).

Geyer & Du Plessis' (2013) work on migration, marginality, informality, and impacts in the North and South on urban systems is particularly useful as it explores the difference of household experiences in the North and South. The attraction of cities supposedly having better economic opportunities with higher pay is partly responsible for the high rate of urbanisation, the process whereby a city's proportion of the national population increases, within African cities (Geyer & Du Plessis, 2013; Obeng-Odoom 2013).

3.4.2. Economic Forces Perpetuating Spatial Polarisation

Spatial polarisation embodied by income, skill level and/or (un)employment shapes the lives of the people living in the city and its periphery (Csefalvay, 2010). This divided space economy is well documented in the literature for countries of both the Global North (Gibb, 2007; Watson, 2009b; Tonts & Taylor, 2010; Antonelli et al., 2011; Lee & McCracken, 2011;

Geyer & Du Plessis, 2013; Wiesel, 2013) and South (Cornelissen 2005; Shatkin 2007; Keivani & Mattingly 2007; Lemanski 2007; Du Toit 2008; Watson 2009a; Colloredo-Mansfeld & Antrosio 2009; Rodriguez-Gamez & Dallerba 2012; Cadena et al. 2012; Esser 2013; Geyer & Du Plessis 2013). The most prevalent components discussed in recent literature over the last decade are concerned with spaces involving neoliberal-related practices. These include the processes of marginalisation and polarisation as well as the implications for mobility networks.

In Lall and Chakravorty's (2005) study of spatial inequality and its relationship to income in India, it is argued that the question of why spatial inequality is usually correlated with income levels is complex and not easily answered. Human capital, political economy, resources, culture and historical factors each contribute to the economic polarisation of the city's inhabitants. Unequal Income levels and their spatial associations are features of many cities throughout the world (Nel & Rogerson, 2009). Lall and Chakravorty (2005: 47) define spatial inequality as "a condition in which different spatial or geographical units are at different levels on some variable of interest, usually (average) income". This definition thus clearly links space and its relationship to the economy as it concerns monetary income (Lall & Chakravorty, 2005).

Much of the literature on spatial marginalisation is based on cities of the Global North, for example cities within the USA (Echeverri-Carroll & Ayala, 2010), and Paris in France (Korsu & Wenglenksi, 2010). These cities in the Global North speak of high suburbanisation and urban economic decentralisation enhanced by cost-efficient transport. Conditions are not the same in cities of the Global South, where the suburbs are not usually as well spatially integrated though transport networks at the same quality and cost efficiency as those in the North. Thus, literature regarding the spatial marginalisation and its link to the economy is somewhat limited for this study. Spatial segregation in South Africa seems to be particularly pronounced given its apartheid legacy. As this study is concerned with the connection between space and economy in Cape Town, literature written for developing countries will be considered to a greater extent.

Naudé's (2008) work in the context of South Africa has provided the most comprehensive research regarding spatial and economic marginalisation and its social impacts relevant to

this study. South Africa's prevailing legacy of systematic and enforced spatial segregation during apartheid continues to affect households, particularly situated on the spatial margins of the city, where transport infrastructure is costly and inefficient (Naudé 2008). Spatial imbalances have thus resulted in most of the poorer population residing in spatially marginalised areas while wealthier, predominantly white, groups are situated closer to areas of the highest employment opportunities (Naudé 2008).

An important factor strongly correlated to spatial economic marginalisation concerns the poor mobility structures in South African cities that connect to the periphery (Naudé 2008). This factor, in the general but not universal sense, makes a greater negative economic impact on the existing poorer (often black) populations on the periphery than the relatively wealthy (often white) also residing in peripheral areas (Naudé, 2008), as the latter are able to afford more transport options on account of their employment and income (Naudé, 2008).

Naudé (2008) argues that the high cost of private transport, coupled with weak public transport systems, is also a significant constraint on the ability to find work, making it difficult for households with lower income to remedy their economic hardships. This illustrates the dire situation of the economically and spatially marginalised poor, as they are disempowered by both factors of unemployment and spatial marginalisation (Naudé, 2008; Nel & Rogerson, 2009).

The spatial mismatch between lower-skilled residents and job vacancies has in some cases resulted in social discrimination on account of spatial location (Naudé, 2008). As any form of social discrimination is illegal, the face of discrimination in the labour market is no longer based on social or racial discrimination, but on education either by proxy or in its own right (Naudé, 2008). While discrimination based on prejudice on social or racial grounds is most easily regulated within the workplace through anti-discriminatory legal measures such as diversity requirements and economic empowerment obligations, such discrimination is less easily regulated in the property market, which itself is subject to economic trends and location. Naudé (2008) argues that these dynamics form a substantial part of the problem of spatial segregation in South Africa. Residents therefore suffer or benefit more from socio-

economic relations, which in turn influences where groups of people might wish, or be able, to reside (Naudé, 2008).

As different labour pools are moved into different areas of the city, people's level of education and professional abilities become spatially embodied, as do the various social problems associated with lower income groups on account of their lack of opportunity and economic and social leverage. Thus, space is positively or negatively socially embodied and attached to households. Although Naudé (2008) wrote within a generalised sense on a national scale, the article is nevertheless relevant to this study, where Cape Town specifically will be analysed in later chapters.

3.4.3. Implications of Economically-driven Spatial Patterns on Households

The spatial mismatch between formal employment and location of residences in many African cities has resulted in the economically marginalised needing to make adjustments to their lifestyle (Brown et al., 2010). Their choices of how to raise income are becoming increasingly located in the informal sector. Such activities occur either in public spaces within formal economic centres or closer to their homes to tap into local residential demands (Brown et al., 2010).

Local household-owned business in marginalised areas is transforming residential areas into mixed-use areas, as households try to augment their income and reduce transport costs by operating locally. Bawa's (2006) study explores Indian family-run businesses in Gauteng, South Africa. She argues that the emergence of these family businesses that operate from home is a response to post-1994 neoliberalism (Bawa, 2006). While this process presented new opportunities to augment household income, households were presented with a new set of challenges due to an increasing globalising market. This has resulted in these businesses becoming increasingly entrepreneurial and more efficient in order to survive (Bawa, 2006).

Brown et al. (2010) offer a detailed account of the conditions in which the informal economy operates in Ghana, Senegal, Lesotho and Tanzania, as well as of the implications

for the informal operators' right to belong and their lack of political voice. This argument supports Bromley and Mackie's (2009) account of informal traders and their quality of life in Cusco, Peru. In this case, 3500 traders were displaced from the city centre in the hope of enhancing the city's image and enhancing tourism. These traders were forced to trade in the city's surrounds. This, arguably unethical, process involved municipal authorities adjusting trading bay allocations and prices in order to force the poorer traders to stop trading in areas the municipality wanted to reserve for wealthier traders who would serve the local residents and middle-income tourists (Bromley & Mackie, 2009). While these traders resisted, the relative political weakness of allied institutional structures within the informal trade community resulted in the traders' lack of political power and voice, and they were unsuccessful in resisting the forced clearing of trading stands when teargas was used by police and twelve people were injured (Bromley & Mackie, 2009). The municipality thus exploited and displaced them, ultimately diminishing the traders' income as a result of their resettlement to relatively unfavourable locations, in the name of city gentrification (Bromley & Mackie, 2009).

Especially relevant to this study's exploration of urban economic processes, Brown et al., (2010) argue that the informal economy has become the primary source of urban jobs for the poor in sub-Saharan Africa (Brown et al., 2010). It is therefore important that these issues be considered in light of the informal economy's context in Cape Town, in order to understand the economic impact on city patterns and the affect it has on households who resort to this means of supporting their households' livelihood.

3.5. Spatial Influence on the Urban Economy

It has already been argued that the economy has a significant impact on the ordering of urban space (Shatkin, 2007). However, the corollary is also evident in urban processes. Those on the urban periphery find it difficult to uplift themselves out of poverty due to the spatial constraints on their access to economic opportunity and formal employment (Naudé, 2008; Ngxiza, 2011). The location of public transport access points, the different modes movement routes and the installed infrastructure, influence how labour moves around the

city as well as how much it costs, how long it takes to travel, and where economic accessibility is most favourable for certain labour-intensive businesses to operate.

A recent study carried out throughout China's prefectures explored the relationship between transport and economic spatial concentration. Ding's (2013) article is useful to this review as many of the spatial dynamics – such as rapid urbanisation, large populations of unskilled urban labour, and substantial commuting between work and residence – feature in Cape Town. In his discussion, Ding (2013) illustrates the rapid rate of urbanisation using population counts. In 1990, a total of 216 million people lived within urbanised area, which increased to 276 million people in 2004. While this is useful, a visual presentation of the cityscape during this time using GIS would have explained the processes and their spatial effects more effectively by showing the direction of spatial development and its density.

Ding (2003) explains that since the 1990s, China has invested in massive infrastructure projects that have facilitated the growth of the cities' economies. The article draws important conclusions regarding the connection between economic growth and transport infrastructure: that development of transport networks is correlated to a rise in GDP within both industrial and service sectors, and major roads that link the cities produce a similar effect (Wang 2010; Ding 2013).

The cost of transportation has a profound effect on businesses' efficiency and cost, as their labour resources need to commute and products may need to be received or dispatched from the area (Ding, 2013). Ding explains the effect of transport costs on the economy very succinctly:

If transport costs are sufficiently high, interregional shipping of manufacturing goods is discouraged and production remains dispersed in proximity to their markets. With falling shipping costs from transport development (when transport costs reach a threshold level) combined with increasing returns, both labour and capital are encouraged to concentrate in core regions that benefit from agglomerative economies and larger market sizes. This results in spatial concentration and inequality of economic activities (Ding 2013, p.313).

In this way, a city's spatial pattern also has bearing on where economic activities take place, as different businesses will have different needs and therefore locate in areas most favourable (Ding, 2013).

Firms using new technologies that transcend space within the economy are nevertheless still responding to the economy-space dynamic (Mok et al., 2010). The internet and cellular technology have fundamentally changed the ways in which companies operate and interact spatially (Mok et al., 2010). Schwanen and Kwan (2008) argue that temporal and spatial flexibility of day-to-day activities has been enhanced, thereby enhancing business operations in this regard (Schwanen & Kwan, 2008). However, in an interesting study of the spatial impact of the internet on firm locations and relationships, Mok et al., (2010) ask questions regarding how distance in social networks has changed in Toronto since before the internet was widely utilised. Interestingly, the frequency of contact using technology was found to be independent of distance.

However, face-to-face interactions are strongly correlated by distance, while it makes little difference concerning how often people call each other on the telephone at a regional scale (Mok et al., 2010). The acknowledgement of distance and the sensitivity of the bond between the two parties in different regions have remained similar. This is so despite the opportunities presented by the telephone and internet that are independent of space provided the infrastructure is fully operational (Mok et al., 2010). Thus, according to this study, internet technology has not altered the frequency of contact, but it has altered the way in which communication occurs and social networks are maintained (Mok et al., 2010).

The rate of percentage increase of a city's population living in the suburbs – or suburbanisation – has been studied in depth by scholars observing urban change in the Global North (Byun et al. 2005; Lee et al. 2006; Wang 2010; Liu & Painter 2011; Chi 2012; Jonas et al. 2013). Naudé (2008), while appreciating the possibility of incongruent processes acting within the Global North and South, tests the suburbanisation hypothesis in the context of South Africa (Naudé, 2008). It was found that despite suburbanisation, most of the country's employment opportunities were occurring in urban centres rather than in the periphery. This trend was, however, more notable in Johannesburg, Ekurhuleni and Tshwane than in the cities of Cape Town, Ethekwini and the Nelson Mandela Metro located

along the coast. Thus, although the impact of suburbanisation may be influencing the urban economy, this is only to a small but varying degree between cities (Naudé, 2008).

3.6. Planners' Capacity to 'Bend the Trend' of Spatial Economic Development

The idea of 'bending the trend' in this context refers to the capacity of planners to redirect spatial economic growth from where it is occurring to other areas. This might be to achieve several ends, such as promoting social justice through diminishing spatial marginalisation and inequality, or strategically densifying economic activity within a particular area to ensure greater access to employment opportunities for those living in close proximity. Driving these ends often works counter to those of the market, which may be driving development that is entrenching spatial polarisation and urban sprawl.

Shatkin (2007) maintains that the capacity of city planners to direct and control spatial, political and social development has been overemphasised in recent literature. While he does not deny that planners have an impact directing and controlling spatial, political and economic development, the global economy is generating new market demands that are driving city's economic functions towards satisfying these demands. These economic functions include satisfying the global demands for particular services or products and shape the city's spatial patterns accordingly (Shatkin 2007).

Cape Town owes its existence to this phenomenon, whereby a refreshment station along the Dutch East India Trade Route was needed and established in Cape Town in order to benefit from the region's natural resources. Its function stimulated different types of economic activities geared towards satisfying the economic demands generated by its function as a refreshment station. These activities drove the spatial development of the city, as farming activities expanded towards the East, and ship yards were constructed to service the ships passing through.

In light of these global economic trends, Shatkin (2007) maintains that a new system of governance is needed to manage the way in which the economy is shaping spatial development in the city. The following will explore the developing trends regarding the

changing institutional spatial economic drivers of development and the capacity of planners to work alongside these spatial economic development trends or against them in order to bend such trends.

3.7. Conclusion

The literature reviewed here has discussed the ways in which the economy impacts the city's spatial patterns and how this needs to be considered within the context of the Global South. It found that forces of neoliberalism and globalisation are shaping the way in which businesses are operating spatially in response to market demands.

Market demand and business' responses have implications for the city's inhabitants that are not shared by all residents as some are more adversely affected than others. Increased urbanisation to cities with higher employment opportunities is exacerbating the current resources supporting these populations.

Spatial economic inequalities are also being enforced as residents who are already situated in the cheaper areas on the city's periphery have lower access to income-earning opportunities due to poor infrastructural and unaffordable mobility structures. The implications of economic polarisation and marginalisation were then discussed in terms of how they affected households and their livelihood strategies. It was found that informal businesses emerged in these marginalised areas to service the immediate population in the form of informal trading and operating spaza shops from home, and that residents were forced to become more entrepreneurial to make a living. Their informal status however affords them fewer rights and, as a result, they are easily exploited and displaced, thereby threatening their household income.

The influence of spatial patterns on the urban economy was explored in order to illustrate how spatial economic divisions reinforce and perpetuate one another. While people are forced to live in cheaper areas, often on the city's outskirts, these areas are cheaper because they lack key infrastructural support. Transport to areas of economic opportunity is costly for commuters on account of the heightened distances, resulting in the spatial distances becoming further disempowering as low-income residents are forced to spend a

higher percentage of their income on transport and cannot afford to move significantly closer to areas of economic opportunities in efforts to cut costs.

Planners' capacity to bend the trends that are spatially and economically divisive of the city's population in favour of the public good in rectifying such divisions was disputed, as the literature presented maintain that the strength of the global economy's influence on spatial patterns is profound. While it is acknowledged that special patterns do influence the economy, as might be envisioned by planners, planners' influences are secondary to that of the economy.

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CHAPTER 4:

Historical Development of Cape Town

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4.1. Introduction

The settlement that would evolve to become the present-day City of Cape Town has been a gradual process driven by economic, political and environmental considerations, from a small refreshment station for passing ships into a busy city of over 3.7 million people (City of Cape Town 2012c). This chapter will provide a brief outline of the spatial development of the city as well as the influences driving this spatial development that has shaped the city's layout today.

While the European settlers would have a profound influence on the Cape's landscape, to be subsequently explored, the Khoi occupied the area before the Dutch first settled in 1652 (Boonzaier et al., 1996). It would therefore be false to suggest that settlement patterns were not present before the Europeans arrived in the Cape, as the Khoi already inhabited the Cape Region for thousands of years before, and had undoubtedly spatially conceptualised the land's terrain, its resources, and where optimal places were located to enable them to live off the land. However, Cape Town's most marked spatial development towards becoming as it is today, whereby the city's current CBD became the settlement's focal point, is relatively recent, having only been developed when the Dutch settled in 1652. The city's spatial development will be investigated from this point in history.

4.2. Company Rule (1652–1790s)

In the early years of Cape Town, the Dutch East India Company established a small settlement to serve as a refreshment station for ships passing on the arduous route between Holland and India. This refreshment station was situated in Cape Town Harbour roughly where the city's historic Castle of Good Hope is situated (Dewar, Watson, Bassios, et al., 1990; Worden et al., 2004).

Thus, Cape Town owes its origins to its strategically political and economically advantageous position along this trade route. The settlement's locality included a natural harbour and the availability of fresh drinking water from the Table Mountain streams, and was also able to be defended. While the Cape was an important location to the Dutch to service their trading fleet travelling around the coast, it was nevertheless reliant on the Company's financial resources for development and upkeep. These resources were limited and therefore spatial growth was constrained due to the slow rate of infrastructural investment.

However, the growing demand for fresh produce to support the settlement, as well as the ships passing by, directed spatial expansion of agricultural farmland into the town's periphery – particularly towards the South along the mountainside, where the area's timber resources were most abundant and could be utilised for the settlements' wagon-making and harbour's ship-building businesses (see figure 4.1, "Cape Town 1790"). While offering economic benefits, the southern areas could also be better defended against the Khoi, thereby allowing farmers to settle more safely in these areas. Thus, political and economic influences spanning at trans-regional scales through its strategic role along the trade route were the foundations upon which the city was built.

As the settlement grew, a second harbour was constructed in Simon's Town as an alternative to Cape Town harbour. A road was cleared in order to link the two settlements while also connecting the farmlands situated in Steenberg, Constantia and Wynberg. Muizenberg was established as a relief point for wagons travelling between Cape Town and Simons' Town.

Despite the best efforts of the Company to restrict development from expanding too far out into the peripheries as such could not be protected from the Khoi nor serviced by transport routes, farmers sort farmland further afield, with Stellenbosch being established in 1679 as well as Franschhoek and Paarl, which had begun farming sheep and cattle by 1700 (see Figure 4.1, "Cape Town 1790"). This expansion created the need for a wagon track between these areas and the town centre. This track would later be upgraded to become what is known today as Voortrekker Road (Dewar, Watson, University of Cape Town, et al., 1990).

Towards the end of this period, at around the year 1780, the settlement was still relatively small and undeveloped. The Company's reluctance to fund the upgrading of the wagon track running between the Cape settlement and the Durbanville hills resulted in slower expansion along this route. The Cape settlement, as far as the Dutch were concerned, remained to function primarily as a refreshment station for passing ships.

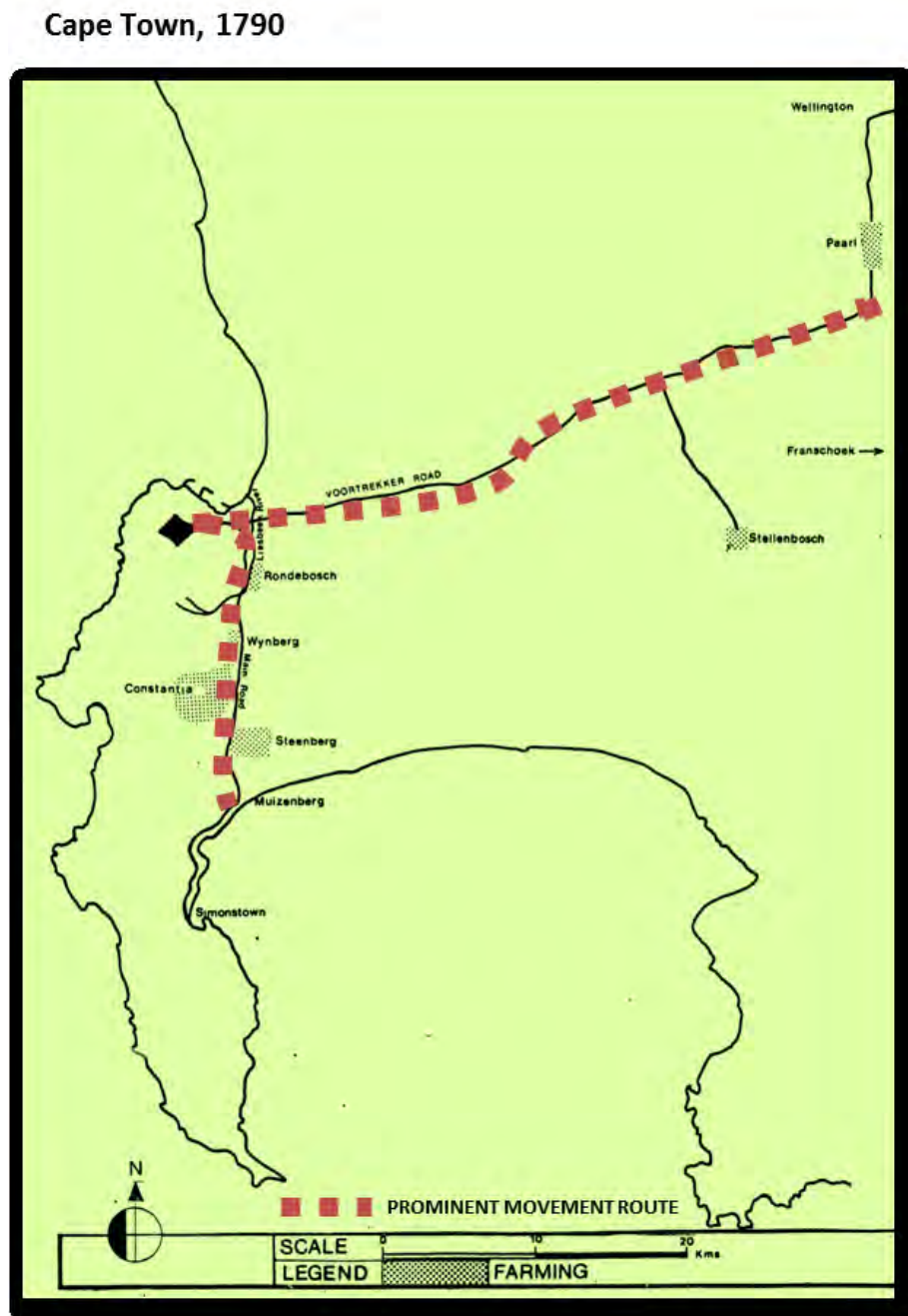


Figure 4.1, "Cape Town 1790" (Adapted from Dewar, Watson, Bassios, et al., 1990)

4.3. British Rule (1790s–1880s)

In 1795 the Cape Colony was acquired by the British during the Napoleonic Wars. It was handed back to the Dutch in 1802, only to be reclaimed again by the British in 1806. With the region's takeover by the British, the area continued to evolve to serve its function as a refresher station to passing ships. its economic activities and land-use consequently being shaped by demand and function. The scale and type of development occurring in the settlement changed, however, as the British rulers took a more relaxed approach to controlling expansion than that under Dutch rule. This can be seen on figure 4.3, "Cape Town 1880". The localised municipalities within the colony concerned themselves more with property, so the city's has expanded significantly in the period of 90 years, particularly towards the Southern Suburbs on the south-bound railway line. The British rulers were more concerned with managing rates and maintaining infrastructure than organising what should be built and where. Much of the spatial development therefore rested in the hands of the developer responding to the profit-driven owner or developer acting in response to the market (Dewar, Watson, Bassios, et al., 1990).

While the Dutch had concentrated on limiting the growth of the settlement to the mountain slopes for defence purposes, the British opted for taking control of the land through the town's spatial expansion. Immigration was encouraged in order to grow the population and help development. During this period, a degree of segregation between the different income-earning groups began to develop; many of the poor were forced to settle on the then less-desirable but cheaper open land below Lion's Head. Malay artisans also began to settle in Oranjezicht and Gardens, while wealthier residents remained in the town centre (Dewar, Watson, Bassios, et al., 1990). The city underwent significant cultural shifts, which influenced the types of land-uses to satisfy economic demands. Thus, taverns, lodging houses, and small shops were established.

The British invested money in developing infrastructure, particularly that which enabled greater access. An industrial centre began to develop on the harbour's outskirts to satisfy logistical needs of the traders, while also providing storage and warehousing facilities, as well space for a ship repair industry (Dewar, Watson, Bassios, et al., 1990). Many important transport provisions allowed for expansion in further-outlying areas, and farming activities

were thus drawn to the fertile land in the town's peripheries, particularly in Paarl, Stellenbosch and Constantia. Travel had always been slow and tedious when undertaken outside the confines of the town. However, by 1862 a railway line had also connected these areas and also linked the town to Wellington, enabling quicker regional mobility.

The installation of these transport infrastructure networks encouraged development adjacent. Nodal patches of settlements began to grow around transport interchanges and railway access points, such as those along the southern railway line where the Observatory, Mowbray, Rosebank, Rondebosch, Newlands and Claremont stations were located (see Figure 4.3, "Cape Town 1880"). As a result, the pattern of development followed the paths of the major access routes (Dewar, Watson, Bassios, et al., 1990). Examples of such nodes include Bellville and the city centre on the North-East line and Wynberg, Claremont, Rondebosch, Mowbray and Observatory on the North-South line (Dewar, Watson, Bassios, et al., 1990).



Figure 4.2, "Cape Town 1831" (Dewar, Watson, Bassios, et al., 1990)

Cape Town, 1880

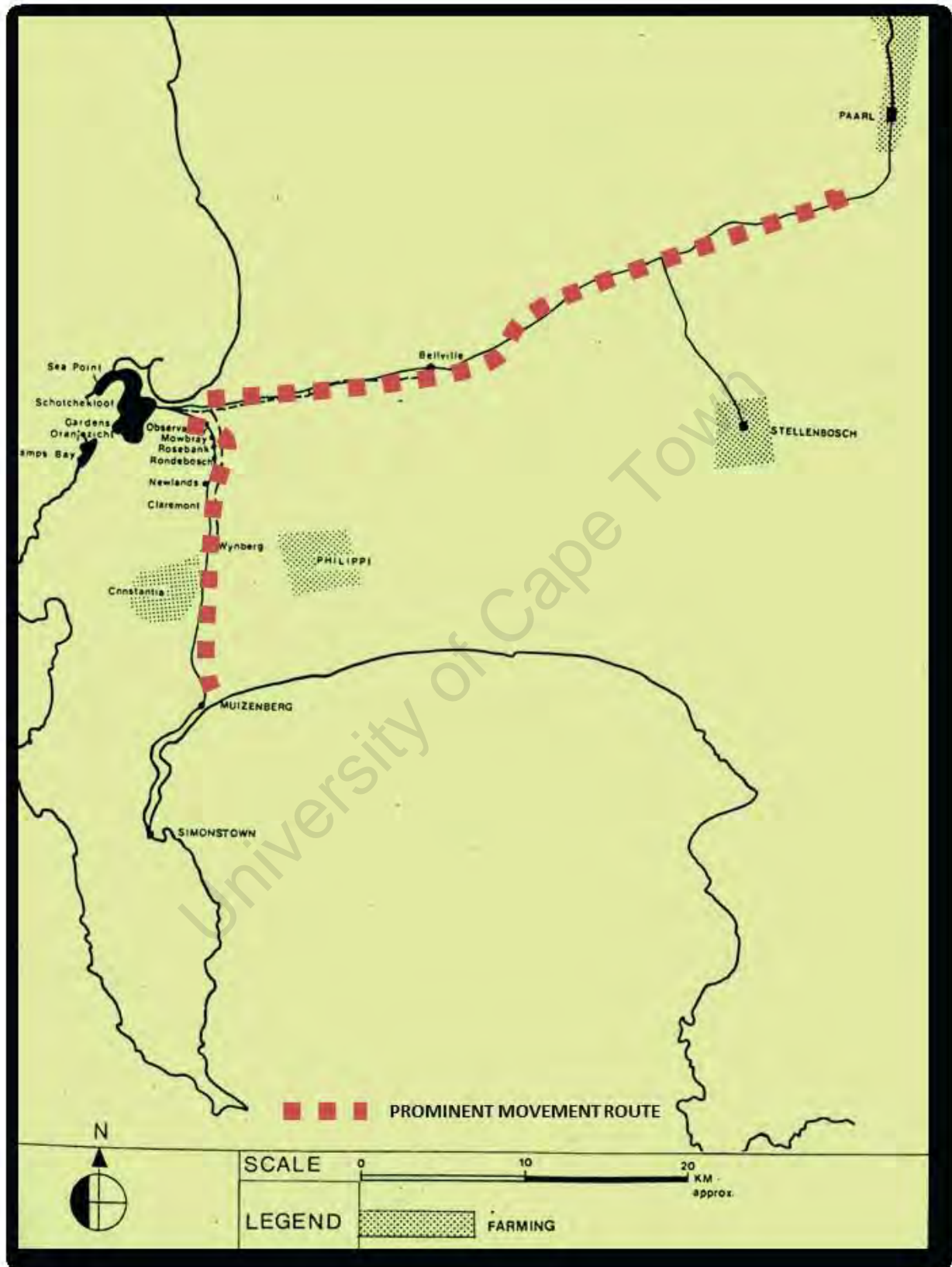


Figure 4.3, "Cape Town 1880" (Adapted from Dewar, Watson, Bassios, et al., 1990)

4.4. The Influence of Mining Activities in the Interior (1880s–1900)

The discovery of the wealth of diamond and gold resources further inland had extending implications on areas further afield that could benefit from the enhanced economy and increasing needs for expansion and population support. In a space of twenty years, the South African economy shifted from being based on agricultural production and export to being driven by industrial capitalism (Dewar, Watson, Bassios, et al., 1990; Turok, 2012).

Cape Town benefited initially from the discovery of precious metals further inland, as the city's port was the primary means of exporting bulk materials (Dewar, Watson, Bassios, et al., 1990). As a result of rapid investment in the town's infrastructure and global linkages, the population began to rise. The town centre saw the greatest spatial expansion and, in reaction to the industrial-intensive economy resulting from the port's bulk export industries, some of the houses in the town were converted to commercial and industrial uses (see figure 4.4, "Cape Town 1900 ") (Dewar, Watson, Bassios, et al., 1990). In 1860, only a handful of residential houses remained, while after 1880, estates that had once been open land were being subdivided and leased to tenants or sold to developers in response to economic growth stimulating market demand (Dewar, Watson, Bassios, et al., 1990).

The town began to expand towards the South, particularly along the electric tramline that was installed connecting the town centre with Woodstock and Salt River in 1885 (see figure 4.4, "Cape Town 1900"). The electric tramline was extended to Mowbray five years later, and a further seven years later as far as Claremont. In a very short time, therefore, the urban area was growing and Cape Town's footprint towards the South was becoming more developed and accessible (Dewar, Watson, Bassios, et al., 1990).

People of similar income groups tended to settle together out of common culture, trade, background or affordability in spaces that were ill-planned, as development continued to be largely unregulated during this period (Dewar, Watson, Bassios, et al., 1990). Officials were concerned, however, with the urban degeneration in lower-income areas and feared these areas would turn into slums. Thus, a variety of by-laws were introduced which set minimum construction standards to manage and improve the quality and direction of urban

development. These included categorising of road orders, construction regulations, and provisions for public open spaces.

While a greater degree of control of access and traffic was accorded to the authorities, developers still, however, maintained a high degree in flexibility with regard to what and where to build. The period therefore did not show a significant deviation from its market-responding and unregulated development patterns. The investment-intensive electric tramlines, coupled with economic demands and population responses, therefore profoundly shaped the form of development and expansion (Dewar, Watson, Bassios, et al., 1990). A significant change of the landscape included the construction of a large freeway across the Cape Flats, as well as further South towards Simon's Town (see figure 4.4.: Cape Town, 1900). The Cape Flats was also dissected by what would become later a national road (N2), which linked Cape Town to Mossel Bay on the East coast. The railway line was also expanded towards Bellville, what would become Kuilsrivier, connecting with Stellenbosch and the Somerset West Area on the periphery.

Cape Town, 1900



Figure 4.4, "Cape Town 1900"
(Dewar, Watson, Bassios, et al., 1990)

4.5. Racial Segregation is Introduced (1899–1920s)

As the mining industry began to boom in the Witwatersrand, much of the non-white population was moved into reserves often lacking adequate fertile land, in order to supply the mines in the Witwatersrand as well as the farms on the periphery. These reserves would serve as convenient sources of labour as well as a means of controlling the non-white population. These reserves, called 'Bantustans', would become increasingly overcrowded as more people were located to these areas. However, the increasing inability of families to support themselves on this land prompted an influx of people into the cities in order to make a living (Dewar, Watson, Bassios, et al., 1990).

The outbreak of the second Anglo-Boer war (1899–1902) also resulted in a rapid influx of migrants from the rural areas to the city. The cheaper land on the urban peripheries of the city centre became the primary destination for these migrants. This expansion can be seen clearly on figure 4.4, "Cape Town 1920, where much development has occurred outwards from Cape Town's centre. The already overpopulated parts of the city, which had been rapidly degenerating into slums, faced yet a further influx of people (Dewar, Watson, Bassios, et al., 1990).

This urban degeneration and its social associations fuelled the growing racial prejudices held by the wealthier white people and authorities in the city. This prompted demands for segregation of the growing coloured and black populations away from the white populated urban core in order to preserve the integrity of the white-controlled cities

Cape Town, 1920

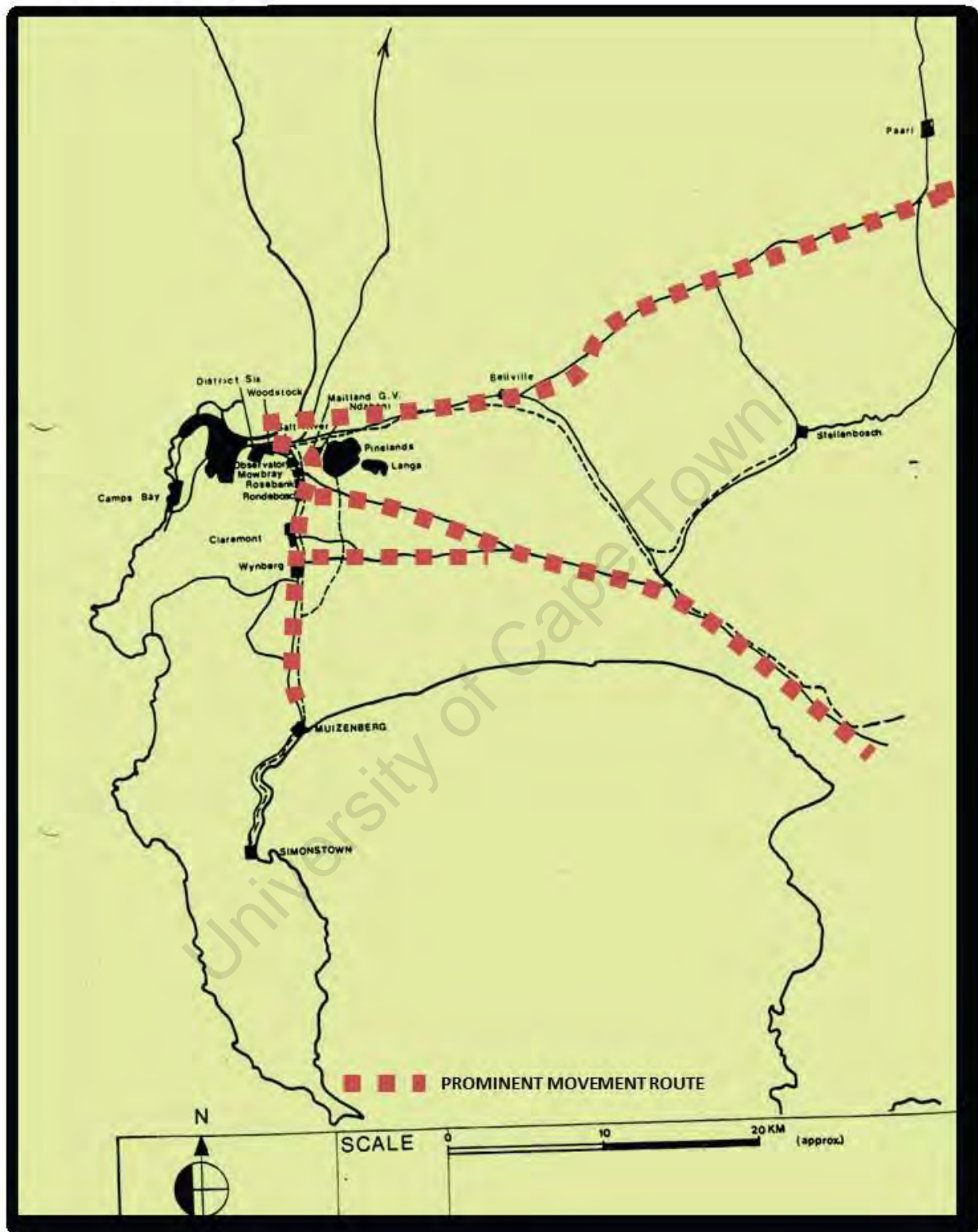


Figure 4.4, "Cape Town 1920" (Dewar, Watson, Bassios, et al., 1990)

4.6. 1920s to Late 1940s

The period of development in Cape Town between the 1920s and late 1940s featured three different notable forms, namely urban renewal projects, racial segregation, and increased property development. The first involved several urban renewal projects within the older part of the city in the urban core. The redevelopment of the foreshore area was perhaps the most prominent of these projects, whereby 480 acres of land was reclaimed from the coast in order for the city to expand closer to the city centre. This project was also accompanied by a desire to reorganise the city centre in order to better cater for pedestrian movement, ease traffic congestion, introduce green open spaces and construct large tower blocks to accommodate the city's growth. So-called "slum clearance" was another urban regeneration initiative, whereby black or coloured peoples were evicted from their homes, which were often subsequently destroyed, and relocated to another area on the urban periphery (Dewar, Watson, Bassios, et al., 1990). This was a part of the second prominent form of development within the era: organised segregation. Planned and racially based townships in the Cape Flats were extended in order to house these displaced communities. Such communities include Bokmakerie (1929), Kewton, Alicedale, Silvertown and Bridgetown (1940s) (see figure 4.5, "Cape Town 1940").

This period also witnessed a large expansion of farming activities (see figure 4.5, "Cape Town 1940"). Food demands in Cape Town created farming opportunities for the residents. The area was originally a sandy and infertile area of land, however the British colonial government knew the importance of being able to support the city's growth, and while the first years were hard for the farmers, they developed the land sufficiently to create a food garden for the city (Battersby-Lennard & Haysom, 2012).

The third form of urban development involved the continued residential development driven by private owners and property developers. These tended to be low-density dwellings as the increased transport efficiency allowed easier reach further afield. This was particularly prevalent along the historic Voortrekker Road, which was upgraded due to its important economic functions.

Cape Town, 1940

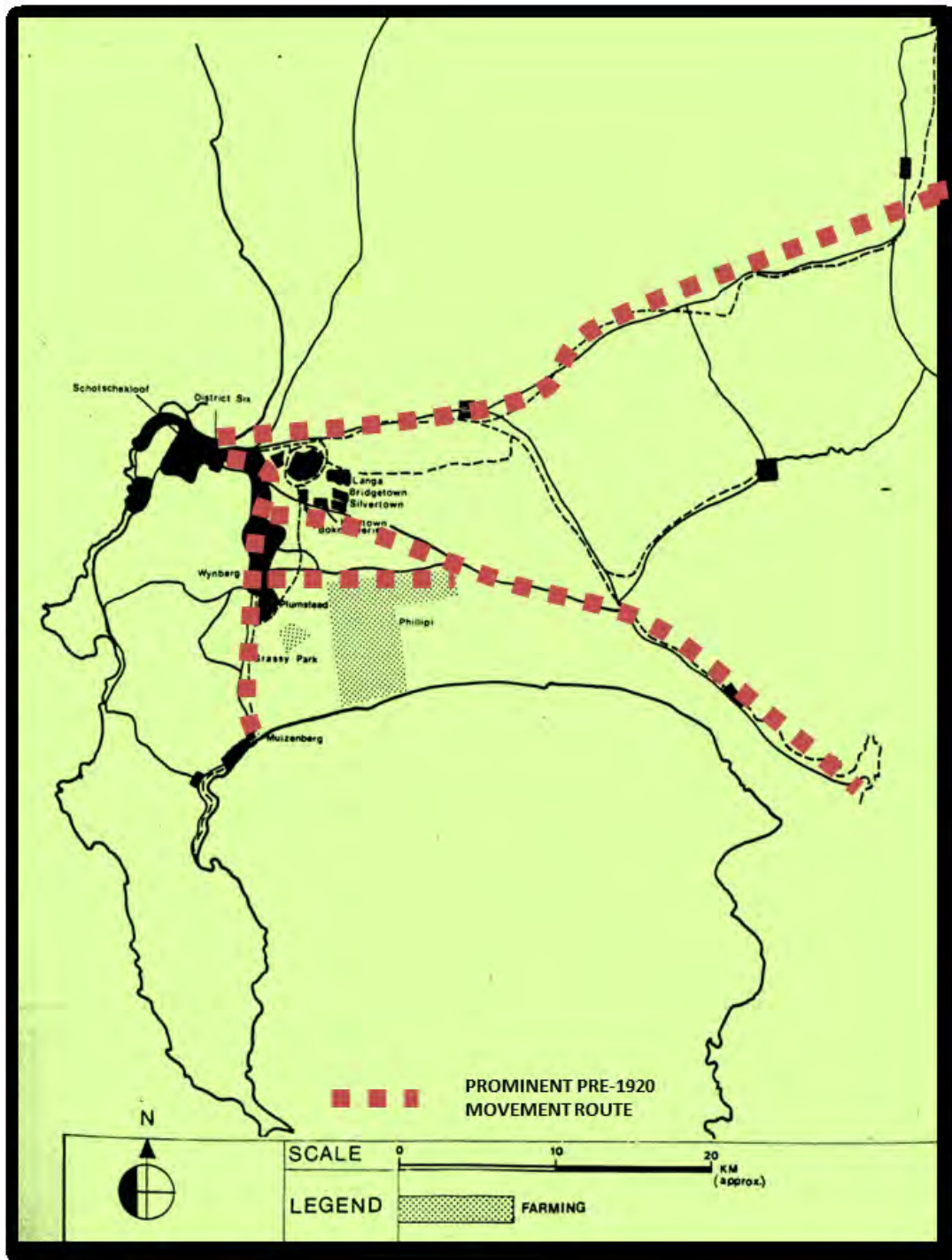


Figure 4.5, "Cape Town 1940" (Dewar, Watson, Bassios, et al., 1990)

4.7. Late 1940s to 1976

The city's population influx controls effectively constrained the city's growth to particular areas. The peripheral area of Gugulethu was the site of a large housing project between 1966 and 1972, whereby the city further expanded with the construction of some 3868 new housing units. The growth of this part of the city was a result of the lack of homeland areas close to the city: areas designated for black people to live legally and daily commute to the cities to work. Gugulethu was established in order to house the workers (Dewar, Watson, Bassios, et al. 1990).

Loosely fitting within this period, the resettlement policies in practice between the 1950s and 1980s uprooted black and coloured communities in the city into these outlying areas as defined by the Group Areas Act, which was amended several times throughout this period. More 'slum-clearance' programmes facilitated this, as whole communities were relocated to other less-desirable parts on the Cape Flats and Metro South East (see map figure 4.6, "Cape Town 1980). of the city that had been designated to them in accordance with their race (Turok 2012). Such areas where these forced removals took place include Mowbray, Newlands, District Six, Claremont and Wynberg, with these residents being moved to Bonteheuwel, Manenberg and Hanover Park for coloured communities, and Gugulethu for black displaced communities (Dewar, Watson, Bassios, et al., 1990).

Due to the increasing population within these areas, as well as a continued housing shortage, squatters settled in adjacent areas. Approximately 180 000 coloured and 51 000 black residents were lived in these adjacent squatter camps. The size of the black squatter settlement was managed through deportation of residents from these areas to the homelands. This method of reducing population however proved to be unsuccessful and authorities were forced to expand the settlement's boundaries in which non-white residents could live. Despite planners' intentions, however, developers did not invest in the lower-income areas where land was cheaper and housing in demand, but preferred to develop land in the more historical and wealthier white areas of the city. This lack of private buy-in resulted in little incoming investment into these marginalised areas (Dewar, Watson, Bassios, et al., 1990).

The housing projects of Mitchells Plain and Atlantis during this period were particularly important developments in the spatial history of Cape Town (see figure 4.6, "Cape Town 1980). Mitchells Plain was to become a self-sustaining township designed to house 250 000 people. However, industrial development was restricted here to steer development towards Atlantis, where it was aimed to settle half a million residents (Dewar, Watson, Bassios, et al., 1990).

The industrial developments that did occur within the city, however, were placed along the southern 'spine' along the Main Road, and the northern 'spine' along Voortrekker Road, due to the favourable access to the city's road and rail network. In the South, Athlone Industria, Wetton South Industrial Estate, Retreat and Nerissa Industrial Township were established between 1952 and 1973. In the North, Bellville South, Kasselvlei, Sacks Circle, Triangle Farm, Parow and Beaconvale Industria were designated for industrial activity.

Cape Town, 1980

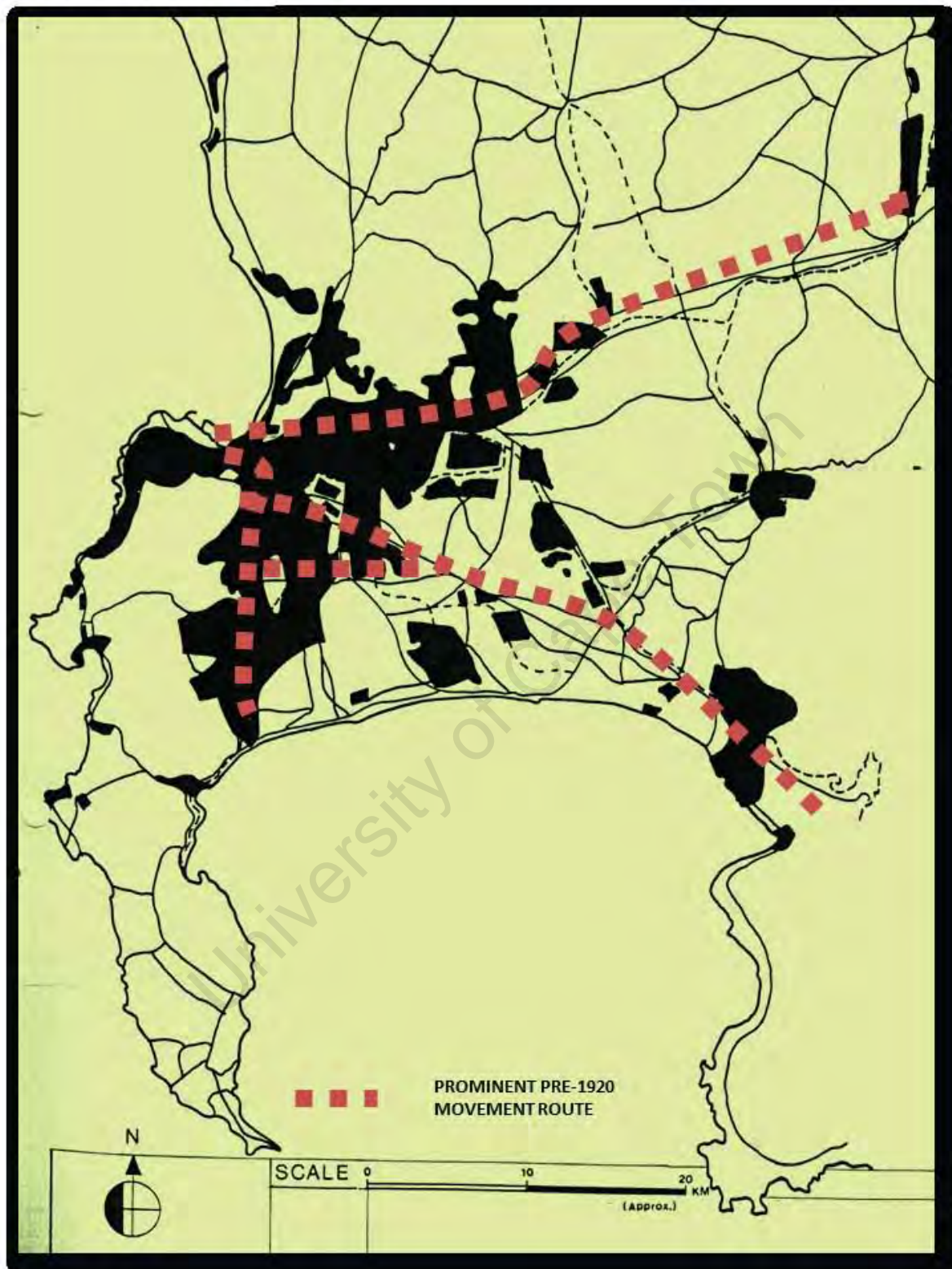


Figure 4.6, "Cape Town 1980" (Dewar, Watson, Bassios, et al., 1990)

The city therefore developed into a very different pattern during this period, with many of the lower-income residents residing in townships some distance away from the city. The freeways that were built to link these areas, however, encouraged sprawl and thus further uncontrolled urban expansion through greater access to peripheral areas (see figure 4.6 “Cape Town 1980”).

4.8. 1976–1994

This period saw an increased urbanisation trend whereby many were travelling from the outer-lying areas of Paarl and Stellenbosch to work in the city for business. Thus, the West–East axis of development was reinforced due to the large amounts of traffic generating economic opportunities by increased movement through the area and business exposure. However, there were significant problems with how the city’s spatial pattern was developing. Urbanisation was not only drawing people from the periphery to work, but more people also wanted to settle near these jobs. This was problematic as new infrastructure was needed to manage this development within a short period of time. Urban sprawl was also becoming a problem, consuming important farmland in the periphery, which looked to compromise the city’s future economic development (Dewar, Watson, Bassios, et al., 1990).

Decentralisation of economic activity was an important feature of this period, as businesses moved away from the CBD in favour of areas in the North, particularly Milnerton and Blaauwberg along the West Coast and Bellville and Durbanville in the North East. These areas grew quickly as many commercial businesses’ preferences changed from being located in the central city centre to decentralised nodes that offered security, good transport infrastructure, and modern buildings. Many of the city’s higher-income earners also resided in these areas, and as these nodes began to develop, more businesses were attracted to the proximity of the suburbs (Watson & Pheiffer, 2002).

The spatial divide between the city’s richer areas in the Southern and Northern Suburbs from the metro South East continued to increase as proximity to employment remained low

and therefore expensive. Many of the intensive labour employers in the industrial and manufacturing sector were also located close to the CBD in Woodstock and Salt River, while Killarney and Montagu Gardens along the West Coast were gaining popularity. Areas in the North East where industries were attracted to included Brackenfell and Blackheath as they could take advantage of the transport infrastructure in the area (Smith, 2005).

4.9. 1994–2005

The city's spatial growth increased significantly during this period. Between 2001 and 2005, the economy continued to grow and, with it, property development expanded, particularly in the wealthier areas, which included the Southern Suburbs and Northern Suburbs (Tyger Valley and Durbanville) (see figure 4.7, "Cape Town 2005). In analysing the counts of economic building applications being approved, it is clear that the city was growing strongly in towards the North. However, other nodes in dispersed areas also began to emerge, as was evident in the Cape Flats, where Mitchells Plain CBD, Airport Industria and Athlone showed positive spatial economic growth. However, it was clear that this mostly composed of smaller businesses rather than larger and more powerful companies, which located to other, more favourable areas. In all, the Cape Flats areas were avoided if other areas presented opportunities for development.

The finance and service sectors grew steadily during this period, and new businesses in these areas sought to locate to areas where the medium to higher-skilled professionals lived in the wealthier suburbs, thereby drawing investment to these areas in an effort to draw from these labour pools (Smith, 2005). The number of informal housing areas and increasing densities became more prominent as apartheid laws were repealed and more people were given the freedom to work. As a result, many moved from the rural areas and homelands in the hope of finding work in the city, but were unsuccessful and reduced to poverty-stricken areas in the city.

Cape Town, 2005

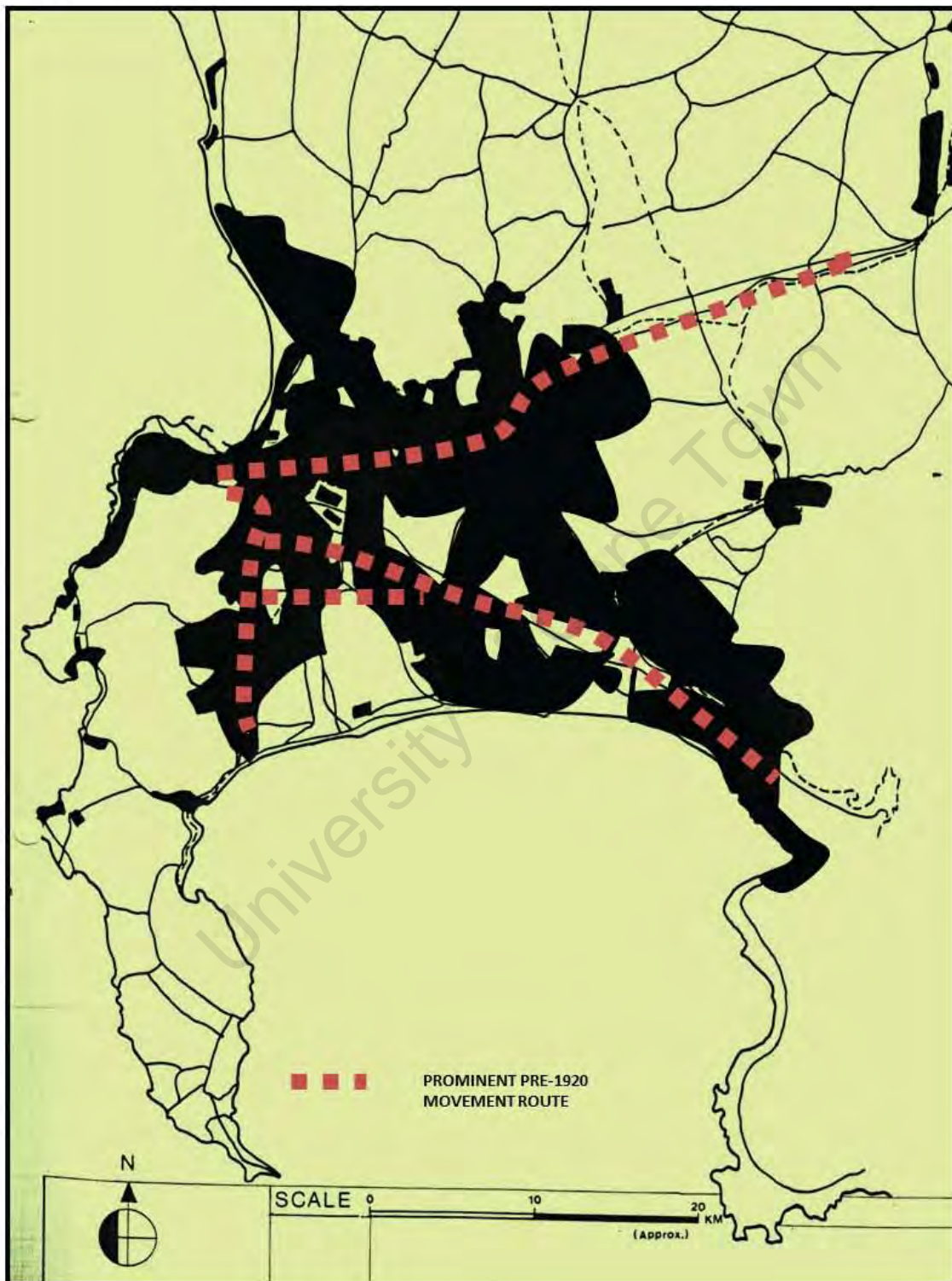


Figure 4.7, "Cape Town 2005" (Adapted to 2005 from Dewar, Watson, Bassios, et al., 1990)

The future of the city's spatial pattern as it relates to the economy will be explored in depth, as will the ways in which the SDF acknowledges the influence of economic drivers on the city's spatial pattern. To summarise, the following timeline links the influence that the economy has had on spatial development in Cape Town over time.

Historical Development of Cape Town's Space Economy		
Era	Economic influence	Spatial Impact
Company rule (1652–1970s)	Need for refreshment station to support traders of the Dutch East India Company	Base in at the foot of Table Mountain established – need for fresh water from the mountains to support people and agriculture Barracks built for protection, housing, safe storage
	Limited Company monetary and resource investment	Spatial expansion restricted to protect the occupied land and avoid increased infrastructural investment
		Spatial expansion to benefit from economic demands regardless of the lack of Company investment
	Demands for agricultural supplies provide opportunities for the settlers	Economic activities converted space to satisfy such demands – i.e. farming, livestock
		Small harbour constructed Ship-building industry developed to service vessels near the harbour
		Wagon industries and workshops occupy the fringe to support spatial growth
British Rule (1790s–1880s)	British maintained the refreshment station but applied more relaxed expansion controls	Demand for transport routes increases
		Styles of land management changed as rates are introduced







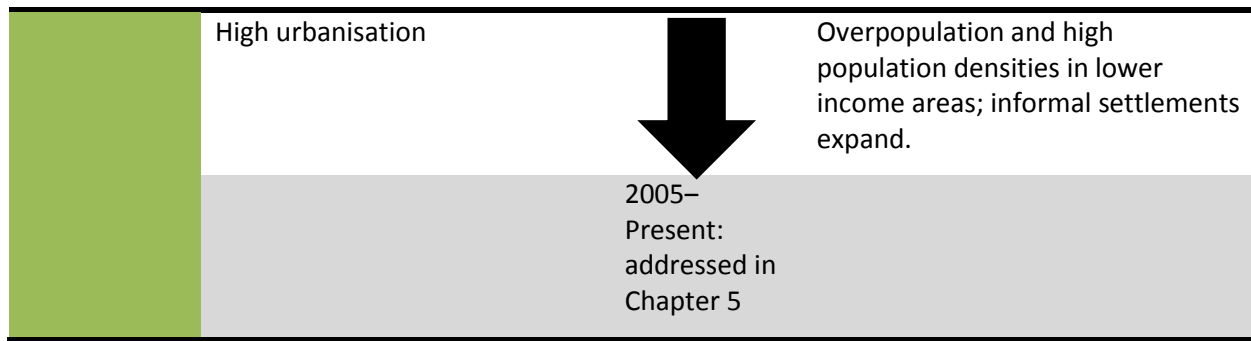


Figure 4.8 “Historical Development of Cape Town’s Space Economy”

4.10. Conclusion

This chapter has examined Cape Town’s spatial development since 1652 when the settlement was first established to serve an economic function; that of a refreshment station supplying passing ships. Satisfying demands as a refreshment station as well as the people who resided in the Cape expanded the city’s footprint towards the East along Voortrekker Road and the N1 and towards the South along the city’s Main Road (M4). The subsequent course of spatial development taken by the city would continue along these routes, until additional routes were added to facilitate expansion, which included the N2 across the Cape Flats and the Wetton-Lansdowne Road connecting the Southern Suburbs with the N2 directly. These West-East movement routes would become powerful directors of spatial development in the city and have remained important routes in the city’s movement ‘grid’. However, while they are still important, they feature not as recently constructed infrastructural additions in response to the city’s spatial growth trends, but rather, as inherited movement patterns from the past.

University of Cape Town

CHAPTER 5:

An Analysis of Metropolitan Cape Town's Spatial Development Trends

University of Cape Town

University of Cape Town

5.1. Introduction

Cape Town is a fast-growing metropolis being influenced by various developmental trends shaping its spatial form. Spatial growth is directed by several forces of influence, which include increasing urbanisation, environmental resource capacity (such as eco-system services or available land) to support growth, the existing spatial pattern of major infrastructural investment, and the economy. These factors work towards directing particular spatial growth patterns and trends within the city (City of Cape Town 2012a). Following the account of Cape Town's historical expansion in Chapter 4, this chapter will investigate Cape Town's spatial patterns as they relate to the economy as a driver of spatial development.

The economy's strength in shaping space has been widely acknowledged in recent literature and was outlined in Chapter 3. In order to understand the city's emerging economy-driven spatial pattern, Cape Town's economic and spatial profile will be examined to contextualise the second part of this chapter, which investigates particular areas and their growth trends.

The first part of the chapter will investigate the city's spatial and economic patterns at a metropolitan scale. This will be done by investigating the total area of new non-residential buildings completed between 2005 and 2012. The city's primary, secondary and tertiary sectors will be analysed in terms of their spatial patterns in the city and their economic performance in order to provide a broad contextual outline of the city's spatial economy. Particular activities will also be explored as they reflect these sectors. This analysis will illuminate the emerging economic hubs in the city. The second part of this chapter will examine the Voortrekker Road Corridor's spatial economy in greater detail to investigate the hypothesis that the Corridor is not set to become this city's next economic backbone.

The largest contributors to the city's GDP include the "Finance, property and business services", "Manufacturing", "Wholesale, retail & motor trade; catering and accommodation", and "Transport, storage and communication" categories (see figure 5.1, "Economic Activities Real GDP in Cape Town, 205 Constant Prices").

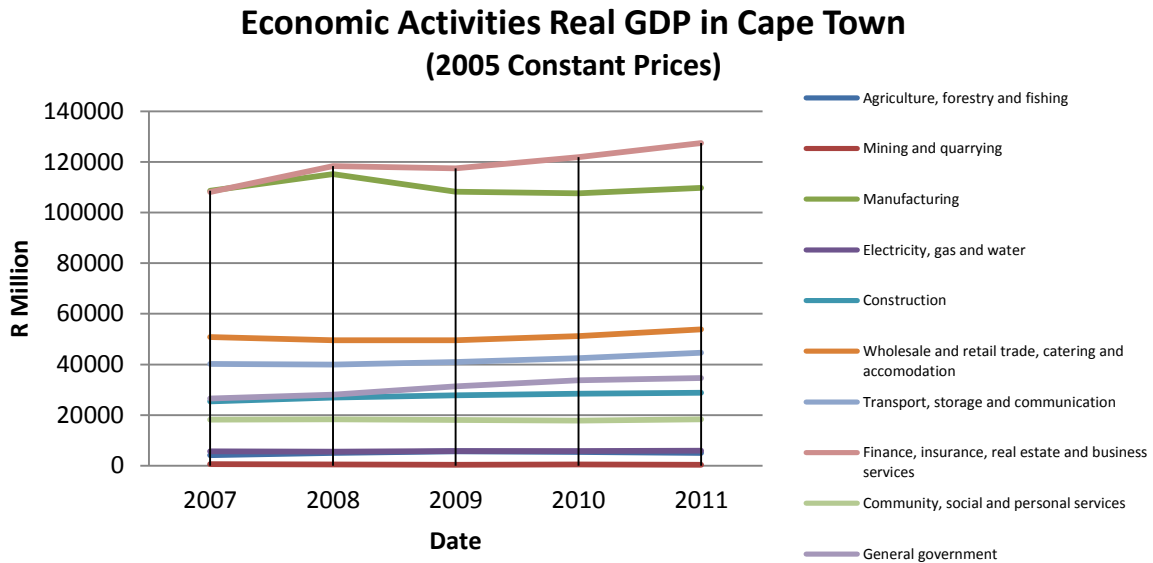


Figure 5.1, “Economic Activities Real GDP in Cape Town” (Quantec 2011)

The closest information representing these activities spatially shows the area of new builds in the following respective categories as determined by the City of Cape Town: “Office and Banking”, “Retail”, and “Industrial/Storage” (City of Cape Town & Dept. Building Development Management 2012b).

While the area of new non-residential buildings completed between 2005 and 2012 has been used as an indicator for spatial change here, other means of evaluating spatial change as it relates to economic activity are recognised. Sinclair-Smith and Turok (2012), in their analysis of the spatial economy of the city, used Regional Services Council (RSC) levies (taxes paid to the government based on businesses’ payroll and turnover). By tracking the changes in these levies owed to the government, trends can be determined regarding where the city’s economy is improving spatially.

However, these levies were discontinued on 30 June 2008, and the only data made available by the City of Cape Town was that for between December 2000 and 2005 (City of Cape Town 2005; Deloitte 2008). As the time series ended eight years ago, it was decided that investigation of non-residential building completions between 2005 and 2012 would be a

more accurate means of evaluating spatial economic growth, since the information was more up to date.

This metro-scale analysis, as well as that of Voortrekker Road, will be informed by expert opinion and data from Rode's Report for the first quarter of 2013 (Commerford 2013b; Marais 2013; Rabe 2013b; Rode & Associates 2013c; Smit 2013; Sutton 2013; Wylie 2013). Using this information, the nature of the city's current economic development as it relates to spatial intensity of particular types of economic activity will be explored. The second part of the chapter goes on to examine various parts of the city. Firstly, the area argued by the Cape Town Spatial Development Framework (SDF) as showing the greatest potential to become the city's future economic focus, namely the Voortrekker Road Corridor, will be examined in detail. This study area includes the corridor between the Salt River Circle in the West and the Stikland Bridge in the East. Secondly, the nature of non-residential developments as they exist on a metropolitan scale will be explored in order to examine the hypothesis that the Voortrekker Road Corridor is not the city's emerging primary economic area.

5.2. Economic Drivers of Spatial Development in Cape Town

5.2.1. Introduction

Spatial development is occurring where it is for a variety of reasons. While every area is uniquely positioned and presents different opportunities and shortcomings, common trends impact the greater property market in Cape Town, such as investor preference and perceived opportunity for capital returns – either returns from investment in the space itself, or the business that will be generated on account of its location. Other important influences on spatial development include the position of the market in the property cycle, which has resulted in lower levels of property speculation in recent years, and the accompanying stagnation of land/building prices.

The cautious approaches taken by investors to minimise risk while maximising returns will be investigated to establish how investor preferences for particular types of space are

shaping the city's spatial pattern. Following Catkins' (2008) thesis that the economy is a significant spatial determinant of pattern, it is argued that the city's spatial development is a reflection of the current demands for particular kinds of space and locations that are needed for different economic activities. These preferences might include, depending on the type of economic activity and business priority, the area's accessibility for clients and staff, rental values of the space, condition of infrastructure, proximity to the CBD or important transport nodes, or proximity to particular labour pools.

5.2.2. The Property Cycle

The property cycle, which reflects the fluctuating nature of investment and construction in the market, is currently at a low point in South Africa, although Viruly⁷ believes the commercial property market is in the very early stages of recovery since its lowest point in 2009 (Viruly 2013a). The low point in the property cycle is a response to the global economic recession and extensive property development that occurred between 2001 and 2007; these resulted in the property cycle entering a trough, with vacancies being higher than usual and property prices lower (Viruly 2013b). In consequence, there is currently little property speculation in Cape Town, with more development occurring in response to present conditions than investment in higher-risk property in anticipation of changing conditions that could yield high capital returns (Wylie 2013). Thus, property investors in Cape Town are being relatively cautious about speculating on property investments (Rode & Associates 2013c). In a survey of the city's major property developers and agencies, it appears that investors in A-Grade multi-tenanted property in decentralised areas require a 9% net income return for investment to be attractive (Rode & Associates 2013c).⁸

The advantage of reduced speculation in property development and increased development in response to current trends with lower risk is that one can determine more accurately

⁷ François Viruly is an Associate Professor at the University of Cape Town with a particular research interest in property finance, property cycles and property economics.

⁸ See Addendum for industrial and office grading classifications.

where the demands for particular land uses suited for different economic activity purposes and investor preferences are as they respond to the economy.

5.2.3. Considering Vacancy Rates

An important consideration with regard to the use of new non-residential building developments as an indicator is the question of vacancy rates, as high rates of building completions accompanied by high levels of vacancy indicate that the rate of building completions does not mirror the need for such space. Vacancy levels can indicate several circumstances about the property or the economy. If building vacancies are high, this may indicate that rents have been inflated too much, either by misreading of the market on the part of the owner, or due to the current slump in the property cycle and the location's rent not reflecting falling property prices. In response to such rent inflation, tenants may opt to move to more affordable areas. Another possible explanation for a high level of vacancy is that the building in question no longer satisfies the needs of the industry (processing or manufacturing), warehousing or storage operations, office space, or retail space for which it was originally built (Sinclair-Smith & Turok 2012). For example, some older industrial areas may be reaching the end of their functional lives in the face of changing client demands, such as for increased storage space, taller buildings or better security. Such demands will vary, however, based on the type of business in operation.

5.2.4. Business Location Preferences

Many companies are seeking to downsize their office or industrial land costs in order to maximise profits. A way of minimising rental costs without diminishing space to operate in is to locate in areas closer to the urban periphery, where the cost of the land is lower (Sinclair-Smith & Turok 2012; Rabe 2013b). Another means of cutting costs is taking advantage of the existing transport infrastructure. Businesses are willing to locate further away from the CBD in areas accessible by particular transport nodes, depending on their labour pools and clientele. Locating in the periphery near residential areas eases workers' commutes, while

minimising fuel and time costs. Depending on the type of business and its labour needs, these workers could be blue collar or white collar, and be located closer to or further from the business, depending on the owner's desire to position the business close to his/her residence and/or to enable his/her staff to commute more easily (Sinclair-Smith & Turok 2012).

Different types of businesses have different spatial preferences and will opt for settling in areas which cater best for their needs (Sinclair-Smith & Turok 2012). For example, manufacturing firms receiving and dispatching heavy products in bulk might prefer having a railway station in close proximity for convenience of dispatching and receiving goods, thereby reducing time and transport costs. Corporate businesses that rely on interactions with clients, such as financial or legal consultants, may prefer to locate in the CBD as it is an established and busy business node in the city.

Businesses are always trying to cut rental costs without losing their quality of work space. However, other considerations, such as a particular location's suitability, depending on the particular activity and its requirements, form a major economic component that directs spatial development in Cape Town, with some areas being more suited to such activities than others. Thus, while a particular space may hold merit and offer opportunities for investors, it is not considered in isolation but is compared to other areas in the city.

Property developers are most likely to invest their resources in areas that will be attractive to particular types of economic activities, and where the greatest demand is for space in order to yield the highest capital returns for the lowest risks. Such client and investor preferences are extremely important economic and spatial drivers in Cape Town, and thus will be considered as they relate to the various areas in Cape Town analysed in this chapter.

5.3. Investigating Cape Town's Economy and Spatial Pattern

5.3.1. City of Cape Town: Basic Economic Context

The city's economic reach extends further than its municipal administrative boundaries: from its local to global context. In order to understand the spatial growth of the city as it relates to the economy, the state of the city's economy needs to be examined to determine whether it is expanding, stagnating or declining, as this will have an impact on the spatial change, following the argument in Chapter 2 that the economy is an important driver of spatial development. Cape Town's total real GDP (see Figure 5.2, "Cape Town Total Real GDP, 2005 Constant Prices) indicates a strong growth between 2001 and 2011, with a dip in 2008–2010 following the global economic recession, from which it has recovered and since grown.

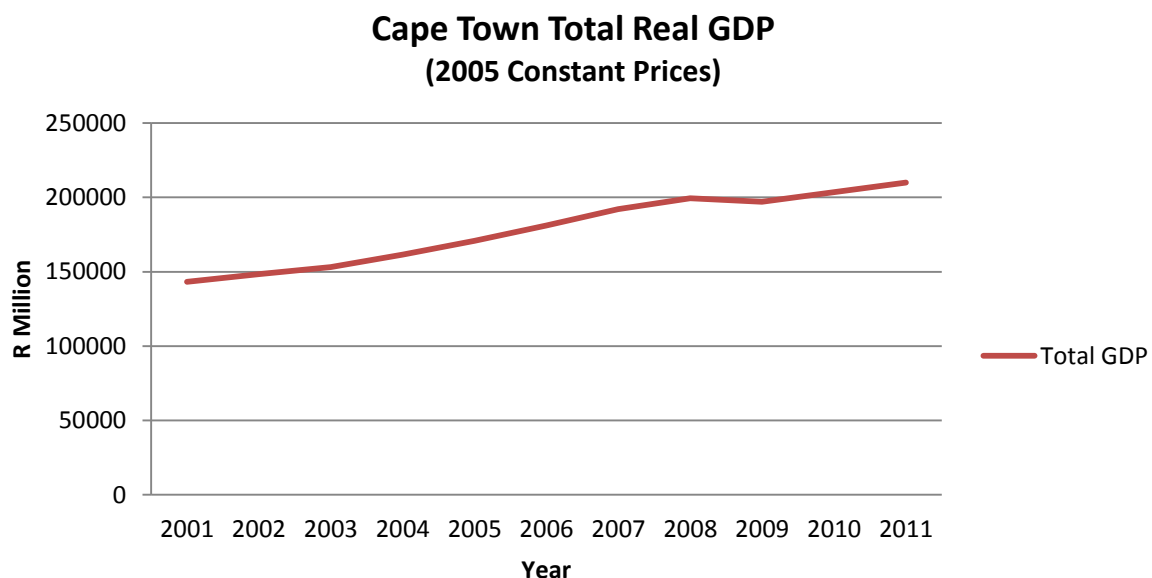


Figure 5.2, "Cape Town Total Real GDP" (WESGRO & City of Cape Town 2013)

Graph Figure 5.3 (Cape Town's Economic Sector Real GDP Growth 2007-2011) indicates the GDP's composition reflecting the primary, secondary and tertiary sectors. The tertiary sector's gradient indicates a positive growth rate that far exceeds that of the secondary and the primary sectors (calculated here using agriculture, forestry, fishing, mining and quarrying).

Cape Town's Economic Sector Real GDP Growth 2007-2011 (2005 Constant Prices)

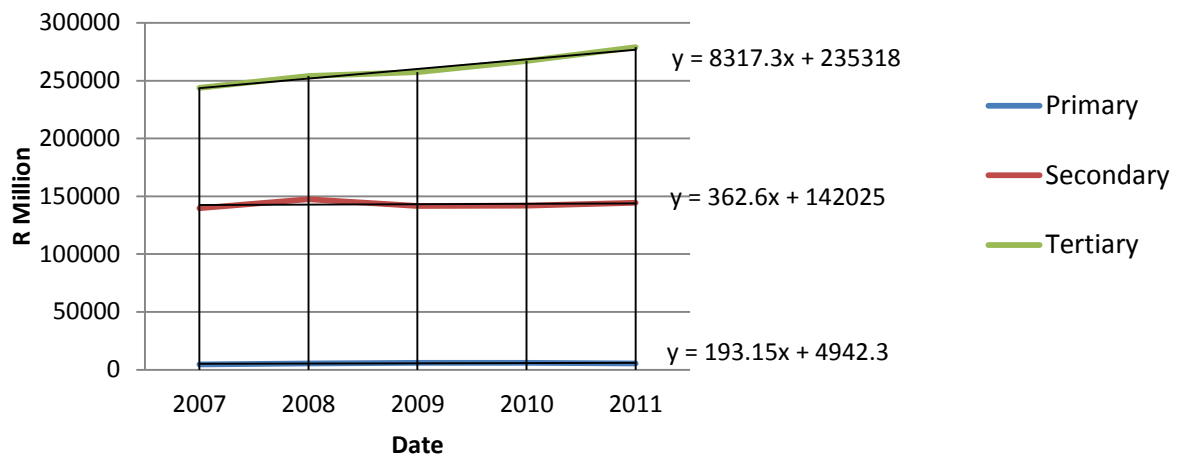


Figure 5.3, "Cape Town's Economic Sector Real GDP Growth 2007-2011" (WESGRO & City of Cape Town 2013)

Figure 5.3 (Cape Town's Economic Sector Real GDP Growth 2007-2011) indicates that the primary sector's contribution is far lower than other sectors with a very low, albeit positive, growth in contribution. The secondary sector has a substantially higher GDP, with the tertiary sector exceeding both that of the primary and secondary sectors. Should these trends continue, the tertiary sector will continue to be the strongest economic force (measured by GDP) determining the nature of Cape Town's spatial expansion in terms of land use and economic activity.

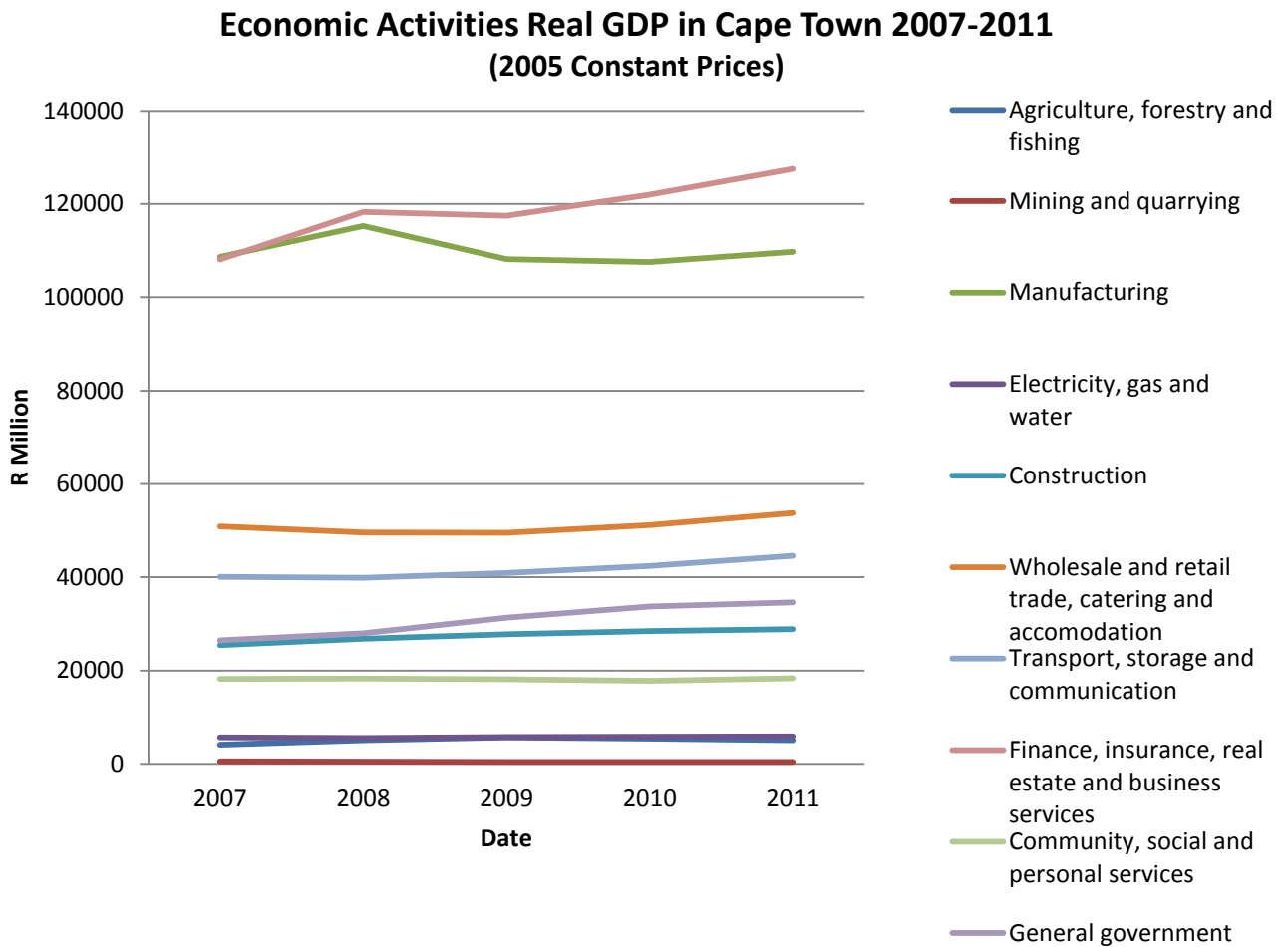


Figure 5.4, “Economic Activities Real GDP in Cape Town 2007-2011” (WESGRO & City of Cape Town 2013)

Figure 5.4 (Economic Activities Real GDP in Cape Town 2007-2011) illustrates how particular activities have performed. The finance, insurance, real estate and business services industry in the tertiary sector is the strongest, followed by manufacturing in the secondary sector. Wholesale and retail trade, catering and accommodation is the third highest contributor, although its GDP is less than half that of the financial services and manufacturing activities respectively.

Figures 5.2 (Cape Town Total Real GDP) and 5.4 (Economic Activities Real GDP in Cape Town 2007-2011) indicate that the city’s economic strength as measured by GDP is growing, although not all activities have grown equally significantly or followed the same pattern of growth. This is significant, as sectors’ growth influences the kinds of space that is needed in

the City, the nature of which will depend on a variety of factors that will be explored below in the analysis of Cape Town's spatial patterns and trends.

5.3.2. The City's Spatial Economic Profile

In order to understand a particular area's spatial function, particularly as it relates to economic activity, it needs to be seen within its economic and spatial context. Only then can local areas be understood. This section will address Cape Town's spatial pattern as it relates to the economy.

The following questions were asked during the analysis of Cape Town's space economy: What are the spatial patterns? What are the building and economic trends? What are the explanations for these patterns and trends? What might this mean for the future spatial development of Cape Town? In this way, the city's economy and its spatial element could be investigated from a variety of perspectives.

5.3.3. The Spatial Pattern of Cape Town

Chapter 4 gave an outline of the city's spatial development since its infancy when the Dutch East India Company settled people in the Cape in 1652. This section will describe the city's current spatial pattern. How the analyses of the different economic sectors are related to the spatial information available is conveyed in figure 5.5 (Sector and Spatial Representation)

Sector and Spatial Representation

Sector	Sector Activity Data Available	Spatial Data Available
Tertiary	Finance, property and business services	Office and Banking
Secondary	Transport, storage and communication, construction, manufacturing	Industry/ Warehousing
Tertiary	Wholesale, retail and motor trade; catering and accommodation	Retail

Figure 5.5, “Sector and Spatial Representation ((Organisation for Economic Cooperation and Development 2008; City of Cape Town 2009a; City of Cape Town 2010; Sinclair-Smith & Turok 2012; WESGRO & City of Cape Town 2013), City of Cape Town & Dept. Building Development Management 2012)

As is the case with other cities in South Africa, Cape Town is spatially unequal as a result of the apartheid regime’s racial policies of segregation, as well as subsequent economic factors that have reinforced these divides, such as land being cheaper in some areas and more expensive in others, thereby forcing different income groups to locate in different areas of varying quality in terms of access, proximity to the CBD, service provision, and/or employment opportunities. Such conditions are being further exacerbated by urbanisation (Sinclair-Smith & Turok 2012). Cape Town’s resulting spatial pattern shows most of the city’s poorer population still reside in the Cape Flats, to which they were forcibly removed for politically driven reasons during the 20th century, while wealthier residents predominantly live in the Southern and Northern Suburbs of the city (Sinclair-Smith & Turok 2012).

The CBD is also positioned off centre in the North West of the metropolitan area, which restricts its western access through a narrow corridor between Devil’s Peak and the sea (see Figure 5.6 Cape Metro: Total New Building Completions 2005–2012). Commuting from the city’s periphery can be more costly for some than others. This is particularly problematic for commuters from the South East, where most of the poorer and unemployed population live. This spatial pattern regarding the location of the CBD and the varying spatial proximity of different areas is thus economically reinforcing old apartheid divides (Sinclair-Smith & Turok 2012).

The city's transport pattern, which has been developed to facilitate access to the CBD in the North West, is also inefficient. While many of the city's primary high-speed freeways, such as the N1 and N2, run across the metropolitan area in an East–West direction, the city's railway also does not facilitate North–South movement. Thus, the densely populated areas of the South East cannot easily (or cheaply) access areas of the North (Sinclair-Smith & Turok 2012).

Figure 5.6 (Cape Metro: Total New Non-Residential Building Completions 2005-2012) indicates that while the city's CBD is still drawing investment of non-residential developments, other areas of the city are experiencing exceptionally extensive spatial growth. The map indicates that the areas along the West Coast, in the North East (Tygervalley, Brackenfell, Kuilsrivier), South East (Somerset West, and the South West (Westlake, Capricorn Park, Sun Valley) are the most rapidly growing parts of the city in terms of non-residential building development. Such areas will be investigated later in this chapter.

Cape Metro: Total New Non-Residential Building Completions 2005-2012
 (Total new area built normalised by area of district)

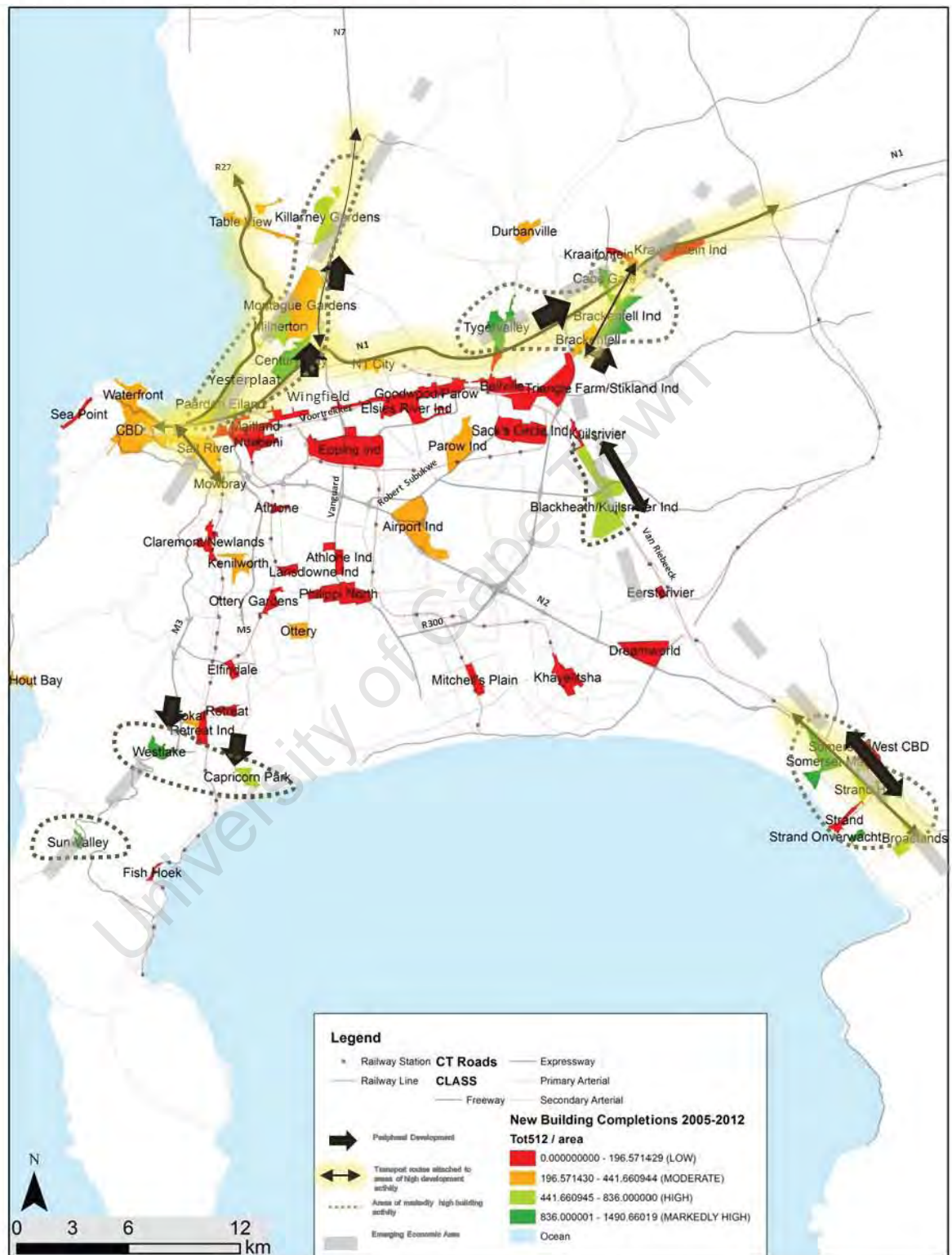


Figure 5.6, "Cape Metro: Total New Non-Residential Building Completions 2005-2012 (Total new area built normalised by area of district), (City of Cape Town & Dept. Building Development Management 2012b)

5.3.4. Trends and Explanations for the Nature of Cape Town's Spatial Economic Development

The city's trending development involves maintaining the CBD as a strong economic node as it has been traditionally for centuries, while development is increasing in particular nodes on the periphery. Such is indicated on Figure 5.6 (Cape Metro: New Non-Residential Building Completions 2005-2012). Spatial economic intensification is thus not uniform across the city. In order to investigate whether a correlation exists between areas of high income and high economic growth, Sinclair Smith and Turok (2012) conducted a regression analysis. Using RSC levies found a positive linear relationship between economic growth in a district and the number of high monetary-valued properties constructed between 1998 and 2005 in the area (see Figure 5.7 Conceptual Relationship Between Locations of High Property Valuations Constructed 1998-2005 and Company Turnover (RSC Levies)). Most of these newer developments occurred along the West Coast and in the Northern Suburbs, which have incorporated spaces for non-residential development. After normalising the counts of higher property values of more than R500 000 during 1998 and 2007 by the areas of these suburbs and economic nodes, it was determined that absolute turnover growth showed an increase of R176 000 for every high-income property count in the area and that the property valuations and turnover were closely correlated.

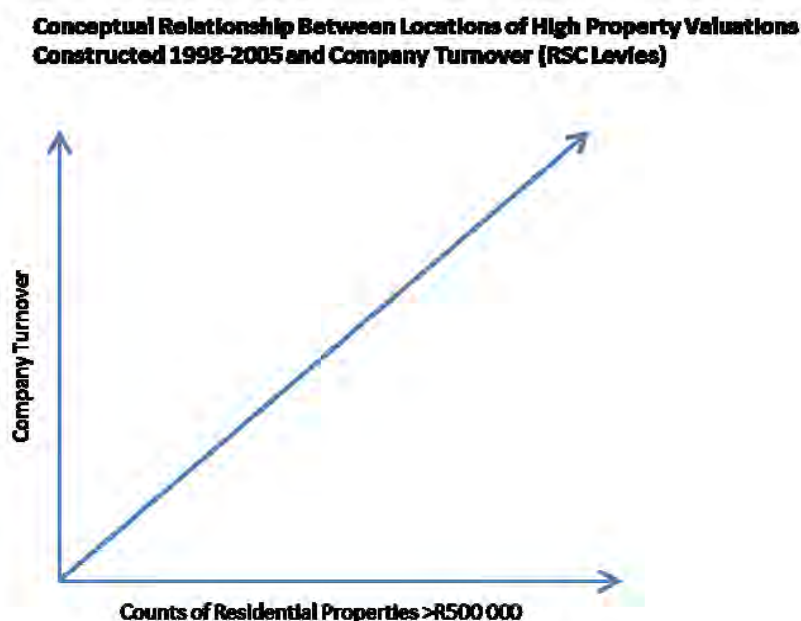


Figure 5.7, "Conceptual Relationship Between Locations of High Property Valuations Constructed 1998-2005 and Company Turnover (RSC Levies)" (Sinclair-Smith & Turok 2012)

The correlation means that businesses near high-income areas tend to yield higher profits, and/or that those residents who can afford to live in areas of higher property value are drawn to areas where businesses are thriving. Although it is uncertain as to which exerts the heaviest influence, it is likely that the correlation is a result of both.

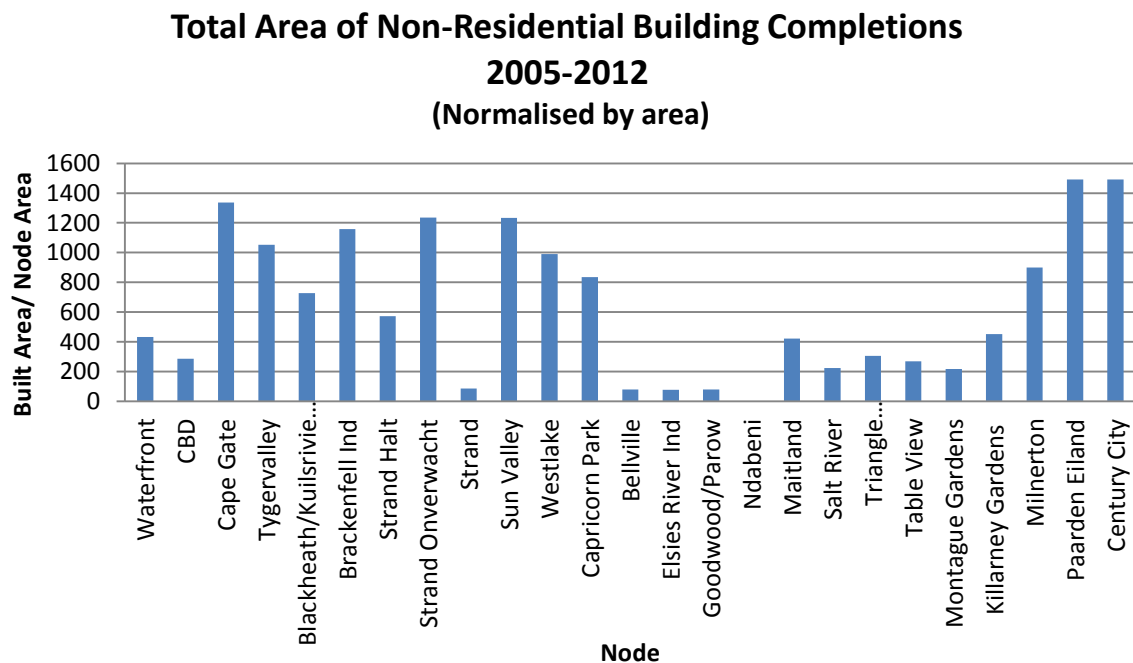


Figure 5.8, “Total Area of Non-Residential Building Completions 2005-2012 (Normalised by area)”
(City of Cape Town & Dept. Building Development Management 2012b)

The most glaringly obvious aspect of Figure 5.5 (Cape Metro: Total New Building Completions 2005-2012) is the lack of development that in the metro South East in Mitchell’s Plain and Khayelitsha, in the areas towards the North of Philippi Horticultural Area, and along the Voortrekker Road Corridor. While the map spatially illustrates the area of building completions categorised into four Jenks (or categories divided by natural gaps in the data distribution), Figure 5.8 (Total Area of Non-Residential Building Completions 2005-2012: Normalised by area) illustrates the same data without categorisation. It can be seen that the areas that make up the Voortrekker Road Corridor (Bellville, Elsies River Industria,

Goodwood/Parow, Maitland and Ndabeni) show dramatically slower development intensity in terms of area built in the corridor considering its size.

Despite the relatively close proximity of the Voortrekker Road Corridor to areas experiencing rapid growth (which include the West Coast, Tygervalley, and Blackheath/Kuilsrivier), the expansion of building development activity along the Voortrekker Road Corridor is very slow. The low investment by developers in this area, while other areas are receiving more, shows a lack of confidence in the Voortrekker Road Corridor compared to other areas. What is more, given the position of the property market and the resulting emphasis of developers responding to obvious need to maximise profit and minimise risk, the lack of development in recent years indicates little demand for non-residential space in the area. Such intense growth elsewhere indicates that businesses are opting to settle in other areas, based on their particular preferences (as discussed earlier).

It is reasonable to accept the proposed hypothesis that, based on recent non-residential investment, Voortrekker Road is not showing promise to become Cape Town's future economic "backbone", or core economic corridor, as indicated by the current SDF. Instead, the most rapidly growing areas (as indicated by building expansion) will most likely be located in nodes in several other areas in the city, rather than a central area along Voortrekker Road. Such areas showing the most intense development driven by demand by different economic activities will subsequently be explored in terms of their location as well as the reasons for their rapid growth.

5.4. Spatial Analysis by Sector

5.4.1. Primary Sector

Figure 5.9 (Cape Town Primary Sector Activities) indicates primary sector activities in Cape Town that include agriculture, forestry, fishing, mining and quarrying. Most agricultural activities are occurring on the urban peripheries, although Philippi Horticultural area has been surrounded by urban expansion. The city's forestry industry is supported by sawmills that process, store and distribute timber. These are located on the city's periphery as well as in Paarden Eiland to take advantage of the N1 freeway and its proximity to the sea port. Off-shore and in-shore fishing are important primary sector activities in Cape Town as they are commercial, subsistence and recreational activities. While Cape Town harbour receives and dispatches most of the deep sea fishing vessels, smaller ports along the periphery service local fisherman or tourist operations and the like.

Primary sector activity is important to consider as much of this activity occupies large parcels of land. While this may not have particularly significant bearing on the city's spatial pattern, these areas need to be protected. Future development encroaching on this land needs to be avoided, although in Cape Town much of the agricultural land towards Cape Farms is located away from the city's sprawling suburbs (see figure 5.9. Cape Town Primary Sector Activities).

Cape Town Primary Sector Activities

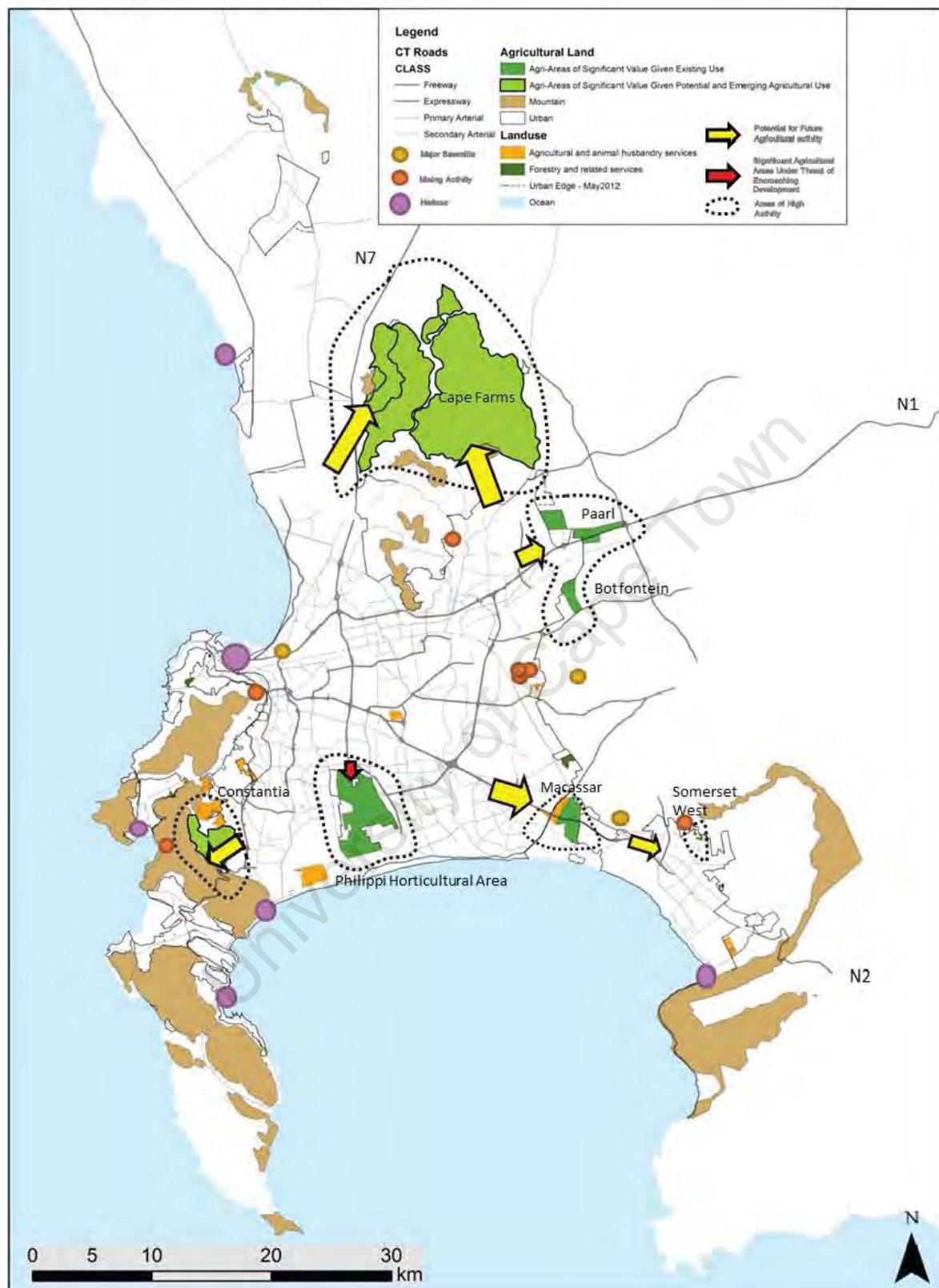


Figure 5.9, "Cape Town Primary Sector Activities" (City of Cape Town 2009b)

5.4.2. Secondary Sector

5.4.2.1. The Spatial Pattern

Figure 5.10. (Cape Metro: New Industrial and Warehouse Building Completions 2005-2012) illustrates the available information for building development within this sector, which includes the area of new industrial and warehouse developments constructed between 2005 and 2012. There are four emerging areas of development in Cape Town containing the most rapid rate of spatial development. Development of new industrial and warehousing buildings has been the most rapid in Brackenfell Industria located towards the North East, Strand Onverwacht in the South East and Capricorn Park in the South West. Building development is also rapid, albeit to a lesser extent, in Blackheath/Kuilsrivier (North East), Broadlands (South East), and Killarney Gardens (West Coast).

Figure 5.10. (Cape Metro: New Industrial and Warehouse Building Completions 2005-2012) indicates that the areas of the most rapid growth are dispersed in different areas of the periphery and not restricted to a single node or corridor. Notably, Bellville, Elsies River Industrial, Goodwood/Parow, Maitland and Salt River, which comprise the sections of Voortrekker Road, showed very little development activity of new industrial/warehousing buildings between 2005 and 2012 (City of Cape Town & Dept. Building Development Management 2012b).

In identifying the patterns of areas of greatest growth of spatial intensity, axes of development have emerged (see figure 5.10: Cape Metro: New Industrial and Warehouse Building Completions 2005-2012). These axes are conceptual and connect areas in close proximity that are experiencing particularly expansive spatial and economic growth. These axes are distinguishable by common transport routes facilitating such growth, along or adjacent to the railway line in the case of Brackenfell, Paarden Eiland, areas along Voortrekker Road and/or the N2, also including Brackenfell and Paarden Eiland. Other important routes include Robert Sobukwe Road of which Airport Industria and Parow Industria are located, Van Riebeeck Road in Blackheath/Kuilsrivier, and the N7 servicing the West Coast.

Cape Metro: New Industrial and Warehouse Building Completions 2005-2012
(Total new area built normalised by area of district)

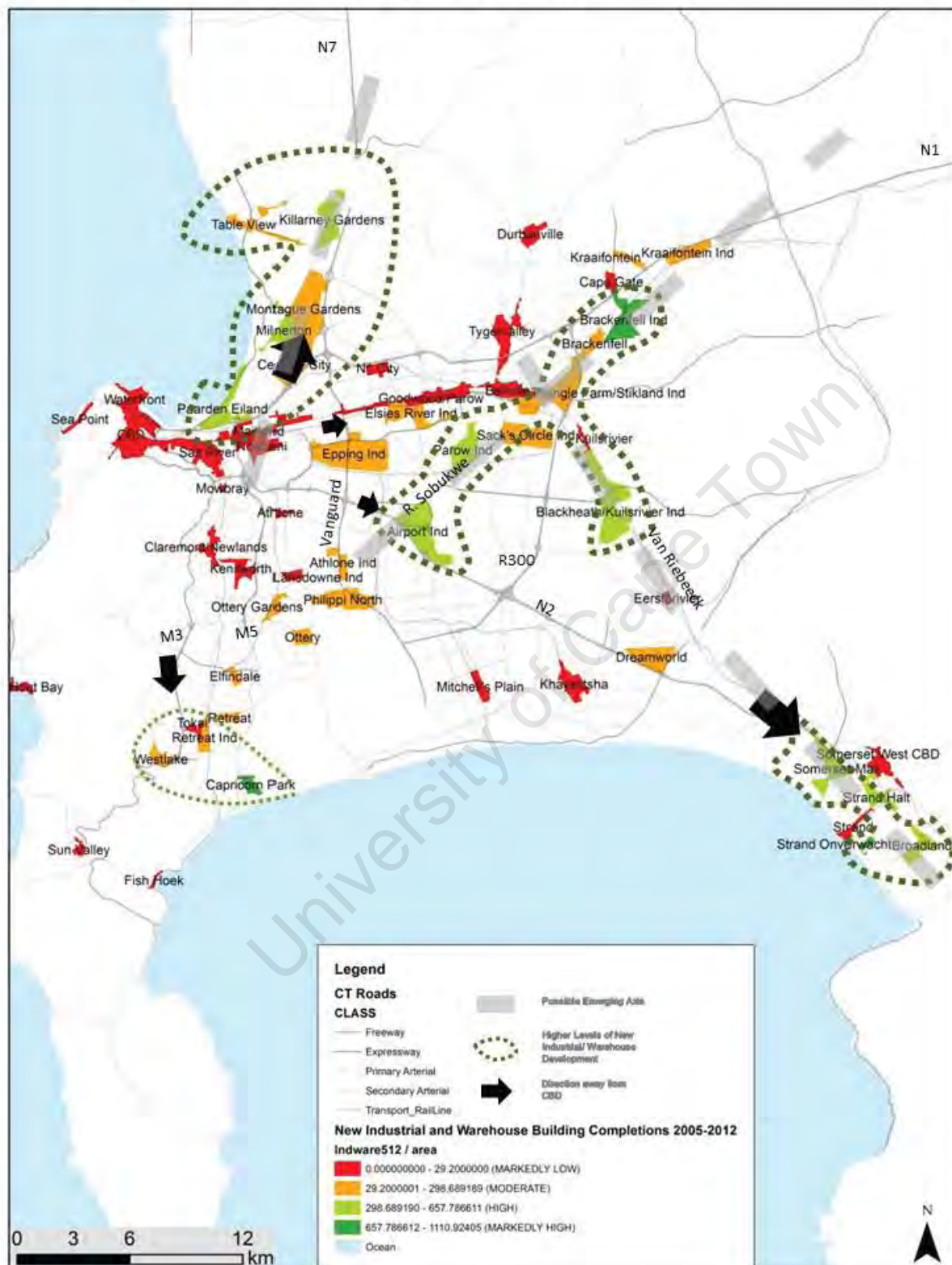


Figure 5.10, “Cape Metro: New industrial and Warehouse Building Completions 2005-2012
 (Total new area built normalised by area of district)”
 (City of Cape Town & Dept. Building Development Management 2012c)

Industrial nodes are emerging on the periphery, thereby stretching the city's settlement footprint. This is particularly evident in the Northern Suburbs, where the steady influx of population has generated demand in the North East (Brackenfell, Cape Gate, Tyger Valley, Durbanville) for retail, manufacturing and storage facilities.

The axes are located as follows. The first is situated on the West Coast from Paarden Eiland to Killarney Gardens between the R27, N7 and N1. The second is situated from the airport in the Cape Flats along Robert Sobukwe Road, which passes Parow Industria towards the West and Brackenfell Industria in the North. The third is located in the South East periphery between Broadlands and Somerset Mall along the N2. The fourth is situated in the South West periphery in Capricorn Park (see Figure 5.10. -Cape Metro: New Industrial and Warehouse Building Completions 2005-2012). The Voortrekker Road Corridor, however, is experiencing markedly low-moderate rates of building development, indicating that economic activity requiring new industrial buildings and warehousing is not showing growth in this location.

In this case, these axes use industrial and warehouse buildings to identify spatial trends in the secondary sector in consideration of the routes that allow road and rail access, rather than "as the crow flies" (see figure 5.10: Cape Metro: New Industrial and Warehouse Building Completions 2005-2012). In the case of areas experiencing markedly rapid growth, such as Brackenfell Industria, Strand Onverwacht and Capricorn Park, areas of moderate to high expansive spatial development have also been considered, as they are following the same trend as areas of highly expansive growth, albeit at a less rapid development rate of new buildings.

Nodes that have emerged in the secondary sector have been indicated on the figure 5.10. (Cape Metro: New Industrial and Warehouse Building Completions 2005-2012). Three areas have been identified as primary nodes: the West Coast Corridor between the R27 and N7, the areas towards the North West, which include Airport Industria, Parow Industria, Blackheath/Kuilsrivier, and Brackenfell, as well as the area on the peripheral South East in the Somerset West area.

Historically industrial areas such as Parow, Epping, Sacks Circle, Salt River and Maitland are expected to stagnate if investors do not buy into the opportunities for industrial development as presented in these areas (Rabe 2013b).

It is clear in figure 5.10 (Cape Metro: New Industrial and Warehouse Completions 2005-2012) that secondary sector activities are choosing to locate in some locations rather than others (the reasons for which will be investigated later). While the road and rail networks have a bearing on this spatial pattern for access, it is clear that the city's spatial economy is being driven by economic activity operations, as they affect transport infrastructure usage (volume and types of vehicles) and urban expansion (such as in the case of Brackenfell and Blackheath/Kuilsrivier particularly), and also require particular types of spaces in which to operate and draw support, such as large warehousing or industrial facilities.

5.4.2.2. Spatial and Economic Trends and Explanations

The city's industrial sector is changing (Rabe 2013b). The level of investment in the manufacturing industry showed an overall decline between 2007 and 2011. Despite this, the sector as a whole has been growing (albeit turbulently) over the last decade (WESGRO & City of Cape Town 2013). Construction and electricity, water and gas service provisions are growing slowly but steadily, although they are not significant contributors to the city's manufacturing sector activity's real GDP (figure 5.4, "Economic Activities Real GDP in Cape Town 2007-2011").

The decline in manufacturing activities in Cape Town (such as clothing and textiles in the Salt River area) has been accompanied by investment increasing towards warehousing and service industry property.

Very recently, Cape Town has diverted slightly from the national trend of high levels of vacancy in industrial buildings, as there have been increased leases in the smaller industrial property market (SAMCO & SAPOA 2013). Most industrial vacancies are in buildings that are ending their functional lives and are around 30 or 40 years old. There are many problems with these buildings, mostly due to their functional and safety capacity. Such problems include insufficient marshalling and loading yards, low heights of buildings, poor ventilation,

little natural lighting, low ratings for fire safety ratings and, in some cases even, asbestos insulation in the roofs (SAMCO & SAPOA 2013; Marais 2013).

The properties located along the Voortrekker Road and in Stikland in particular are coming close to the end of their functional lives (Rabe 2013b). Landlords are also finding it increasingly difficult to get returns as municipal and security service charges are rising above inflation while rents are remaining low due to high vacancies. However, rentals are expected to strengthen gradually for A-grade factories and warehouse property exceeding 2000m² (SAMCO & SAPOA 2013).

Clinton Marais (2013), a property broker from Broll Properties, maintains that the biggest pull factor influencing decision-making on location in the secondary sector in Cape Town amounts to the quality of infrastructural provisions that support or enhance a particular business's operations. He reports that a few of his clients would prefer to locate along a rail network as it helps the labour force to commute easily, enables goods transportation that is less costly than using trucks due to lower fuel costs, and minimises the safety risks associated with freight movement over long distances. However, the "endless delays" associated with rail are problematic, as is the fact that the line is open for freight only during certain times of the day to give priority to commuters (Marais 2013). However, Marais (2013) concurs with Wylie (2013) that the potential represented by the railway is very attractive to certain industrial businesses.

Industrial or warehouse areas are at an advantage if they locate near major freeways as this eases receipt and dispatch of goods more efficiently in terms of travelling time, and because the roads are wide and well serviced. Areas such as the West Coast, Kuilsrivier, Brackenfell, Airport Industria and Capricorn Park are adjacent to major freeways easing access to the rest of the city, contrasting with Voortrekker Road, with its lower speed limit, pedestrians, and traffic lights that dramatically slow down transportation of goods. The railway running along the N7 is dedicated exclusively to freight movement and long-distance commuting, while railways along Voortrekker Road are restricted due to commuter demands for the line.

5.4.3. Tertiary Sector

The tertiary sector is an important driver of space in Cape Town as it has the highest GDP, which is also growing the fastest. The following will examine the tertiary sector's spatial patterns and how these are driven by the tertiary economy's growth and its performance as well as property demands and client preferences.

5.4.3.1. Office and Banking

Much of the markedly larger and rapid development occurring in the metro is located on the periphery in Tygervalley/Durbanville and Somerset West, and in more central areas in Century City, Kenilworth, Westlake, the Waterfront and Salt River. Figure 5.11 (Cape Metro: Total New Office and Banking Building Completions 2005-2012) reflects the total area of new development of office and banking building space between 2005 and 2012). The map shows that the areas of most intense growth are occurring in Century City, as well as Tygervalley North of the N1 (directly South towards Bellville, development is stagnant). The most obvious axes of development of office and banking space are occurring along the northern edge of the N1 along the West Coast as well as along Durban Road in Tygervalley (see figure 5.11 Cape Metro: Total New Office and Banking Building Completions 2005-2012).

Cape Metro: Total New Office and Banking Building Completions 2005-2012
(Total new area built normalised by area of district)

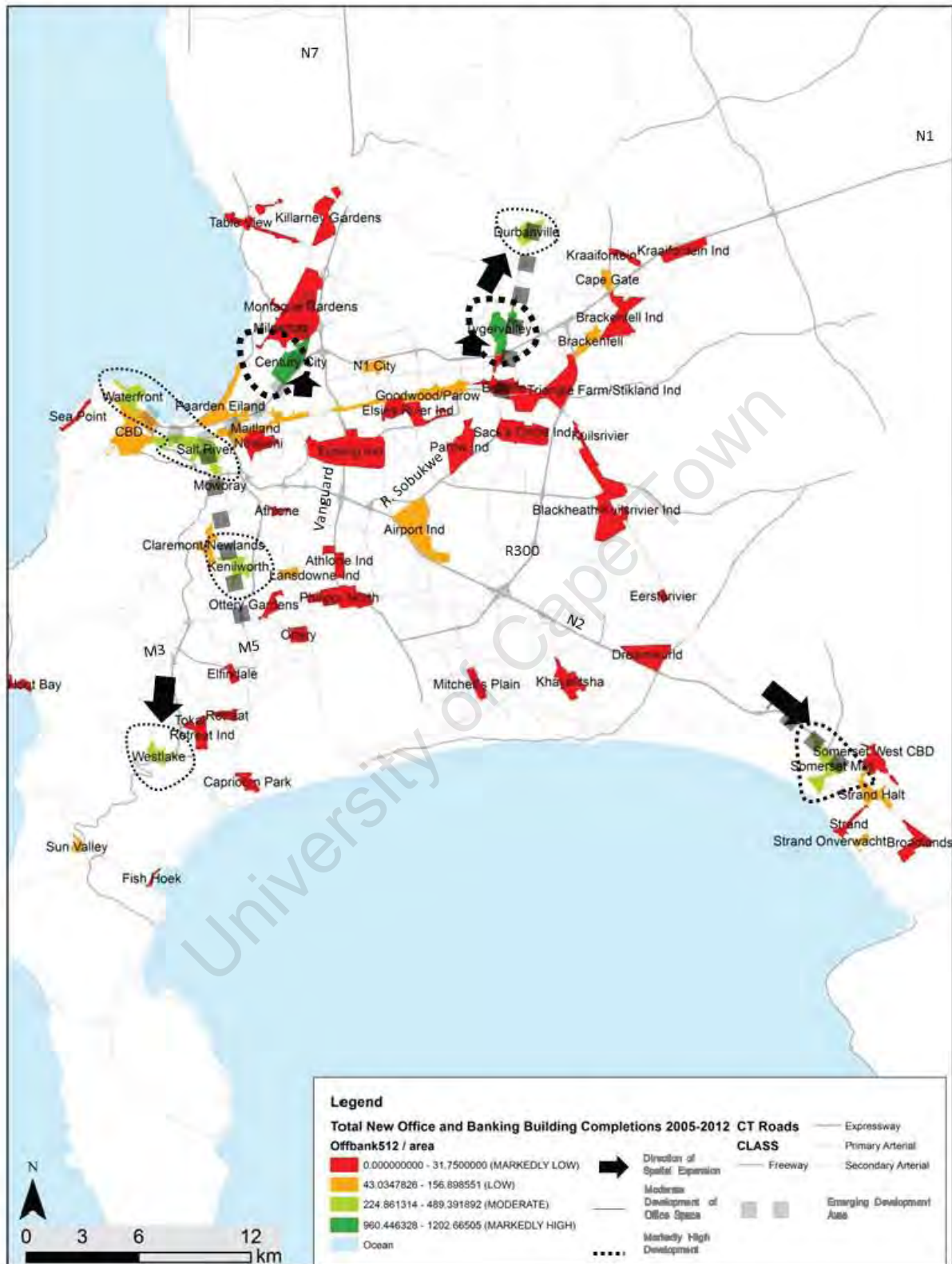


Figure 5.11, "Cape Metro: Total New Office and Banking Building Completions 2005-2012"
 (Total new area built normalised by area of district)"
 (City of Cape Town & Dept. Building Development Management 2012c)

These areas run on two North–South development axes, with each in close proximity to the N1 freeway which links the two areas with the CBD. The other prominent areas include Westlake in the South, Salt River, the Waterfront, Durbanville, and Somerset Mall. Moderate development is occurring along Voortrekker Road although Century City and Tygervalley strongly overshadow this growth.

5.4.3.1.2. Spatial Economic Trends and Explanations

Increasingly, businesses are also looking to locate to areas that are safer, and where there is adequate secure parking for their staff and customers. Secure office complexes with guarded parking for their staff and clients have therefore been in higher demand. These complexes should also look professional and have a relatively modern aesthetic, while being easily accessible for their clients and staff (Wylie, 2013).

The following analysis will consider the popularity of different parts of the city which reflect investor's spatial interests in gaining capital returns:

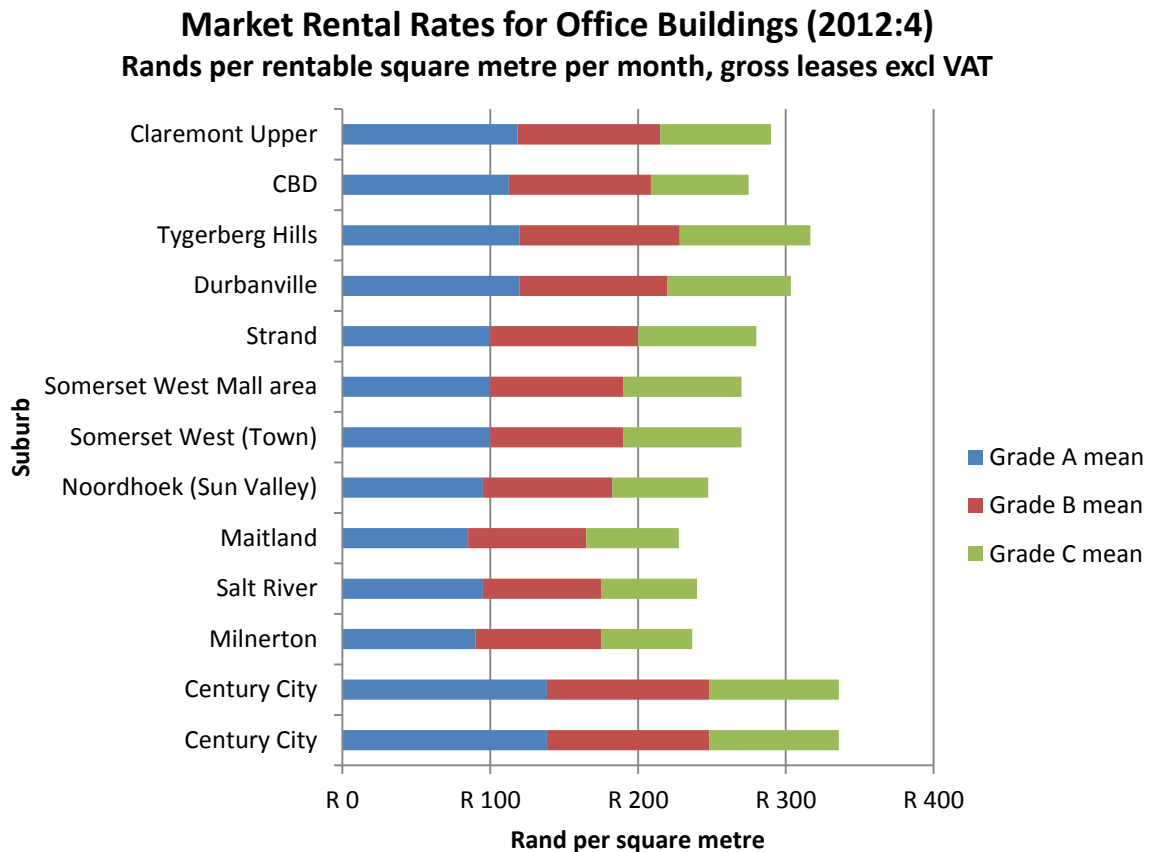


Figure 5.12, "Market Rental Rates for Office Buildings (2012:4)
Rands per rentable square metre per month, gross leases excl VAT" (Rode & Associates 2013b)

Figure 5.12. (Market Rental Rates for Office Buildings) illustrates the competitiveness of the rates of the different areas of the city. The most expensive property to rent is located in Century City along the West Coast, while the cheapest office space to rent is situated along Voortrekker Road in Salt River and Maitland. Considering the lack of development along the Voortrekker Road Corridor, it stands to reason that the greatest demand for property, as reflected by the higher rents, is in Century City while the lowest demand is for property along Voortrekker Road.

The extent of building usage, despite the extent of development, needs to be considered to determine more accurately where much of the developed land-uses, as reflected in the maps, reflect economic activity. The only available information for vacancies refers to office

space. Claremont shows the highest rate of vacancies for building grades A and B, although it still demands high prices for these spaces (SAMCO & SAPOA 2013).

Notably, according to Figure 5.6 (Cape Metro: Total New Office and Banking Building Completions 2005-2012), the extensive development of new office and banking space occurred in Century City. With its rate of development and its slightly lower level of vacancies, it is clear that Century City is a far more popular location for offices than other areas of the city.

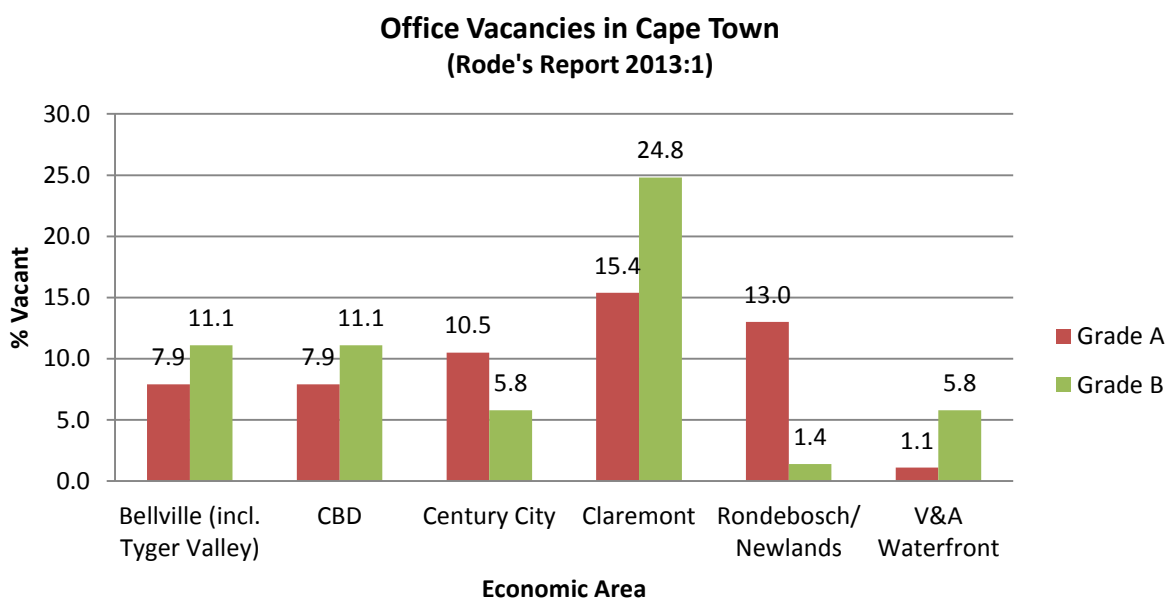


Figure 5.13, "Office Vacancies in Cape Town: Rode's Report 2013:1 "(Rode & Associates 2013b)

Demand for office space is currently stagnating in reflection of the position of the property cycle (Rabe 2013b). However, Century City still retains strong demand of this type (Wylie 2013). The widespread lack of demand for office space is also a response to the recent trend of companies consolidating their business activities into one location. This is due to the relatively higher costs of their offices operating in areas where rents are generally higher in the more central commercial nodes, such as the CBD, Bellville or Claremont. Many businesses are therefore opting to locate their office space adjoining their industrial premises (where this is relevant), either by converting portions of this space to office space, or by building extensions. In this way, offices are relocating to where land is cheaper,

thereby cutting costs without downsizing their space. However, there is high demand for A grade office space regardless of the vacancy rates of B and C grade space (Marais 2013; Wylie 2013).

Parking is an important consideration for tenants as they require enough bays for their staff and some extra for clients. Unless the particular parking area or space is owned by the business, parking will be charged for. The highest rates for parking are located in the CBD and V&A Portwood Ridge due to the high demands in the area. Despite the popularity of Century City as a strong retail and business node, the parking rates there are relatively low.

5.4.3.1.3. Implications for Future Spatial Economic Trends in Cape Town

Large investment in banking and office related activities is particularly expansive in the North. Century City is a well-established 250ha development which continues to show strong growth, with more room to expand. There are also plans for a new regional shopping centre, “Atlantic Mall”, to be located in the Atlantic Hills area adjacent to the Potsdam and N7 interchange (SAMCO & SAPOA 2013).

In Tygervalley, a new waterfront component in the process of being implemented is drawing local residents to the area to locate closer to their jobs rather than commute to the CBD. A financial node is also developing in the metro North East, as FNB has recently located its regional office there, while the Tyger Valley shopping centre also has a banking mall (where ABSA, Nedbank, Standard Bank, Capitec, FNB, African Bank, Bidvest, American Express and a Travelex Foreign Exchange are located) (SAMCO & SAPOA 2013; Tyger Valley Mall 2013).

Tyger Valley and Century City are emerging to become extremely important tertiary sector locations. Over half of the economic growth (GDP) in the city is generated by the financial sector. Banks can afford high rentals and often locate in high-rise buildings. They also tend to locate in existing commercial centres, thereby reinforcing the area as an important economic node (City of Cape Town 2010). Wylie (2013) maintains that offices and banks are the last types of development to settle in an area as they prefer to settle in already well-performing areas that are well governed, serviced, established and showing growth.

The tertiary sector and its growing economic activities in the city have significant implications for spatial planning, as areas that are performing well at the moment are more likely to attract greater investment. The areas that are currently receiving the most expansive rate of non-residential development are located towards the North of the city, that is, Century City on the West Coast, and Tygervalley in the North East. The attraction to these areas indicates a greater faith in their location and the benefits they present, such as access, customer proximity and modernity.

5.4.3.2. Retail

5.4.3.2.1. Spatial Pattern

Several retail nodes around the city experienced markedly rapid growth between 2005 and 2012. Figure 5.14. (Cape Metro: Total New Shopping Building Completions 2005-2012) shows that the areas experiencing the fastest increase in retail are being built as calculated considering the area of the new builds and the area of the node in which these new builds were measured. The most significant of these areas in terms of building constructions with consideration with their sizes include the Cape Gate area in the North East and in Sun Valley in the South West. While these areas are experiencing the most extensive development relative to their size, other nodes around the city area are also undergoing rapid new retail developments. These have been indicated on Figure 5.14 (Cape Metro: Total New Shopping Building Completions 2005-2012).

Along the West Coast, Paarden Eiland, Century City and Table View have experienced extensive growth based on the retail area that has been constructed weighed by the size of the node, while Somerset Mall and Strand Onverwacht in the South East are also experiencing similar development. In the South West, Tokai, Westlake, Sun Valley, Fish Hoek and Hout Bay are showing growth, as are Ottery, Sea Point and Khayelitsha, which show slow levels of total non-residential development, but extensive new retail development.

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5.4.3.2.2. Spatial Economic Trends and Explanations

Investors have been warned that the demand for more shopping malls is showing a strong decline and that developing more shopping malls would be risky for ensuring return (Financial Mail 2013a; Financial Mail 2013b). Old Mutual Property, which owns Cavendish Square in Claremont, is hesitant to invest more in major shopping developments for the time being (Commerford 2013b; Smit 2013). Despite this, the 78 000m² Atlantic Mall, mentioned earlier, is being planned by Resilient Property Income Fund for the West Coast near Richwood and Burgundy Estate. The incentive of the development's location is strategic, in that it is "perfectly situated in the heart of the Cape Town expansion corridor... on the corner of the N7 highway and the M12 motorway giving it both excellent visibility and ease of access from 2 major routes". However, the developers have said that the market is saturated with retail shopping malls and that they will not be developing more in the immediate future in South Africa (Financial Mail 2013a).

On average, investors are demanding an average income return of 9% p.a. for community shopping centres and 10% p.a. for neighbourhood centres. At the moment, Rode's Report maintains that the larger the shopping centre area, the lower the income returns (Rode & Associates 2013a).

5.4.3.2.3. Implications of Trends

The significance of the current retail space demands and capitalisation rates in Cape Town indicates that it is unlikely that investors will invest in larger regional shopping malls, but, rather, in smaller local neighbourhood shopping malls on the periphery. This is already evident in Cape Town, with greater retail growth occurring in Khayelitsha, Somerset Mall, Sun Valley, Ottery, Table View and especially Cape Gate (see figure 5.14: Cape Metro: Total New Shopping Building Completions 2005-2012).

The implications are that such nodes on the outskirts of the metro are going to be reinforced. While consumers in these areas will enjoy greater choices from a variety of

products and be able to buy in bulk more easily, smaller spaza shops in the poorer areas – such as those in Khayelitsha near to the Khayelitsha Shopping Mall in Sulami Drive – provide household income and may suffer as consumers are more attracted to these shopping centres. Such centres will take away local shop owners' customer base and increase their competition. In this way, money will be spent outside the townships rather than within them (Ligthelm 2008).

5.4.4. Conclusion: The Economy and its Spatial Influence in Cape Town

Common areas of extensive development have emerged from the above analysis. Important emerging nodes and axes of spatial development have been indicated on Figure 5.15 (Cape Metro: Conceptual Map – Strong Economic Activity Nodes and Axes). It is clear that building developments in the primary and secondary sectors are having a profound effect on Cape Town's spatial development, which is showing strong indication of northward growth. The West Coast, East/North East, South East Periphery and South West have become hubs of new spatial development activity over the past several years.

The analysis in the following section will scrutinise a core argument of the SDF: that the Voortrekker Road Corridor is expected to be the city's future economic area of development based on its spatial location, the area's value, and its future development potential. This more localised analysis along Corridor will reinforce the hypothesis that the Voortrekker Road Corridor is not showing indication of become the city's future economic corridor hub. It will also examine the developments attracted to particular areas and the reasons for their attraction, as such indicates what investors are looking for in property and how the city is likely to evolve in some areas rather than others in line with satisfying these criteria.

Cape Metro: Conceptual Map **Strong Economic Activity Nodes and Axes**

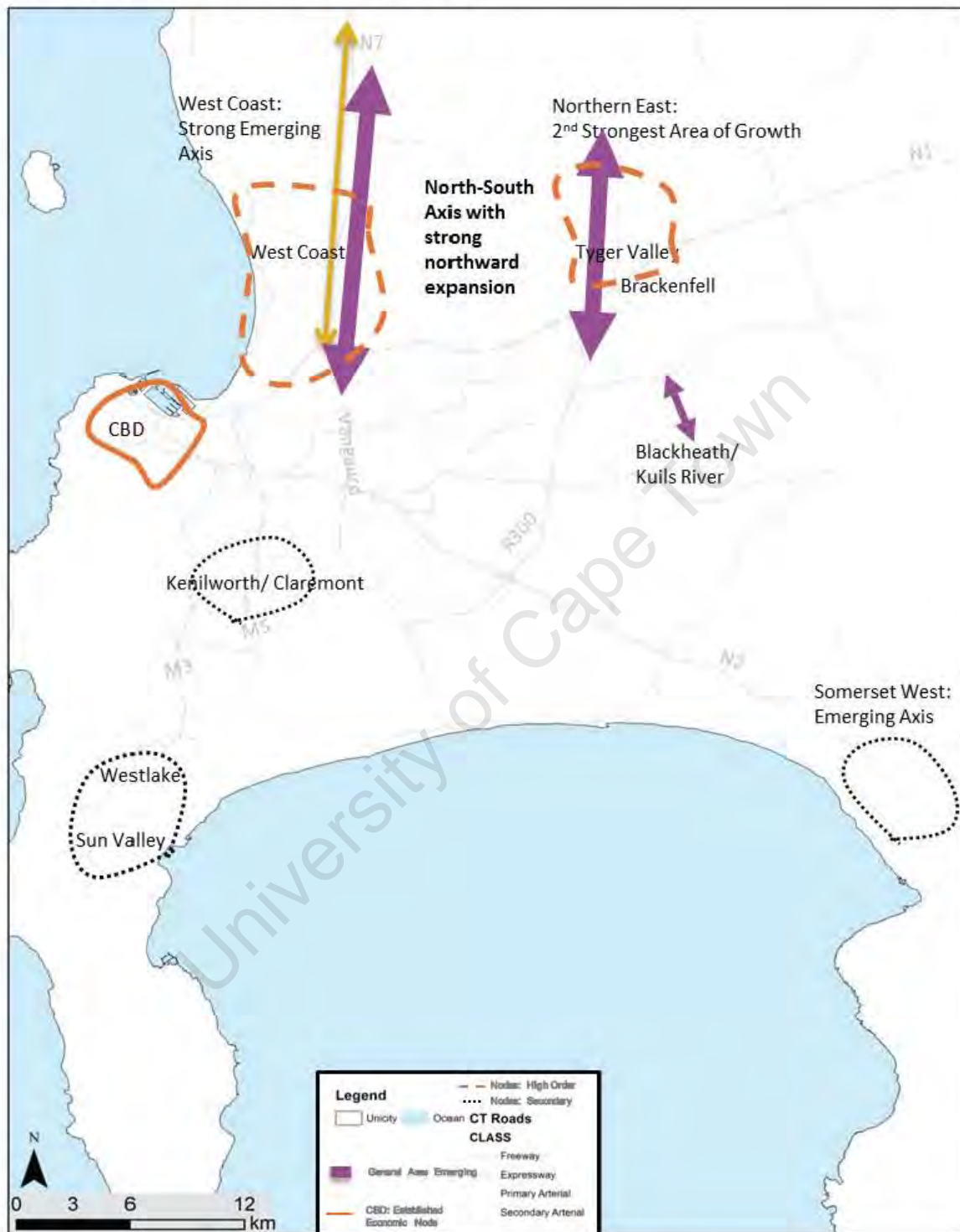


Figure 5.15, “Cape Metro: Conceptual Map – Strong Economic Activity Nodes and Axes” (City of Cape Town 2009b)

5.5. Examining the Voortrekker Road Corridor:

The purpose of this section is to analyse in greater detail where non-residential spatial growth is occurring in Cape Town in order to understand the forces directing the growth. The economy's influence on spatial trends in Cape Town, such as in response to current property demands or client preferences, is very strong in light of the sector analysis above. The initial hypothesis proposed – that the Voortrekker Road Corridor was unlikely to develop into the city's future economic corridor – could be supported considering the current development trends in Cape Town: that areas on the periphery are experiencing rapid rates of building development for a variety of secondary and tertiary activities in particular, that development is following North–South axes (particularly strong along the West Coast and in the North East), that such areas show promise for future spatial development as investors are drawn to these sites, and that nodes are reinforced by new economic activity.

This section will investigate these areas to understand the economic drivers that are reinforcing these areas. The end product of this study is to inform future revisions of the City of Cape Town's SDF for a greater consideration of the economic forces influencing spatial development. As the Voortrekker Road Corridor is central to the SDF, it will be analysed considering the spatial trends of the city and whether the corridor can satisfy current economic trends that will draw investment.

Voortrekker Corridor: New Non-Residential Building Completions 2005-2012
(Total counts normalised by area)

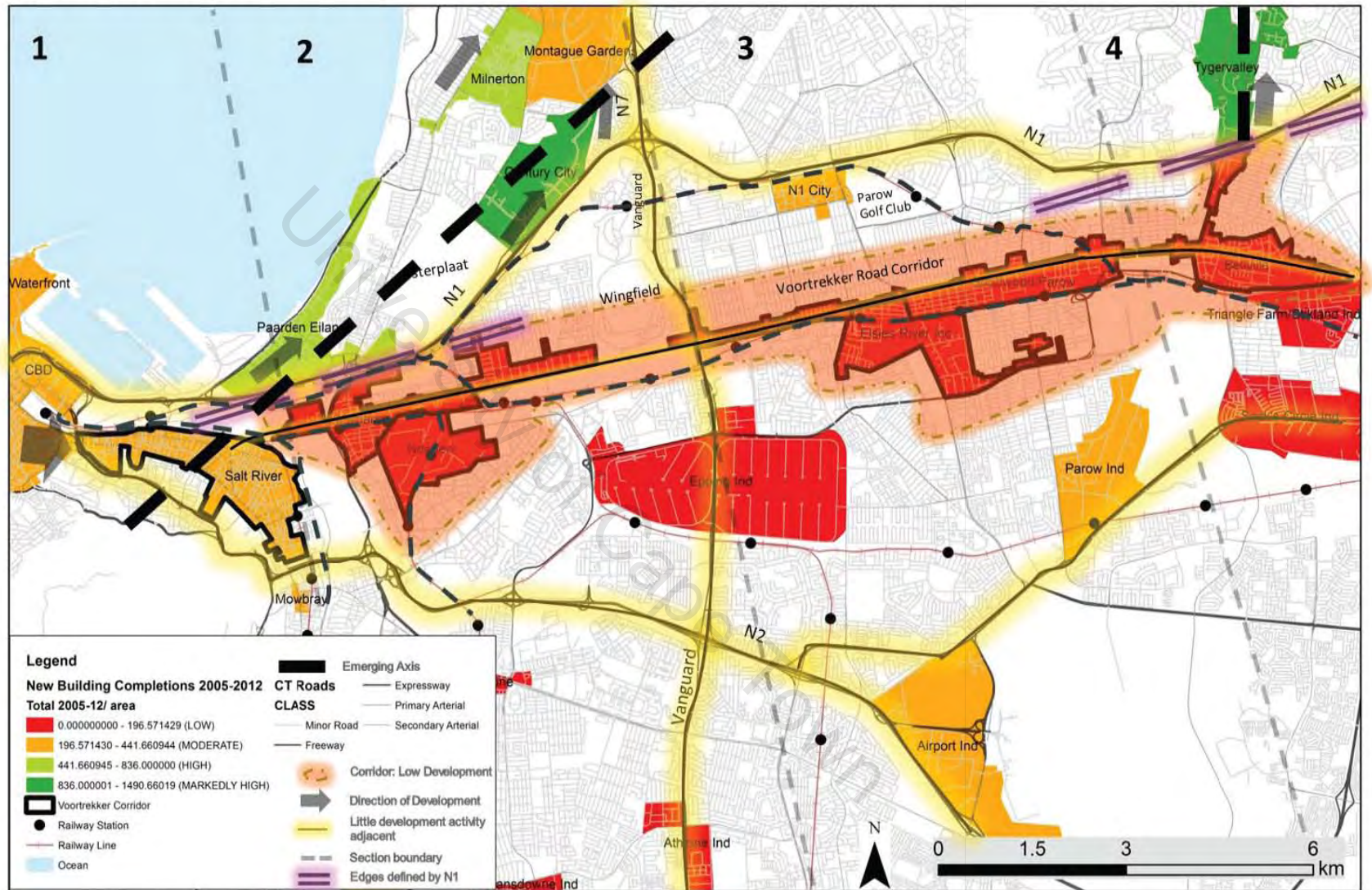


Figure 5.16, "Voortrekker Corridor: New Non-Residential Building Completions 2005-2012 (Total counts normalised by area)" (City of Cape Town & Dept. Building Development Management 2012b)

5.5.1. Introduction to the Voortrekker Road Corridor

This area is described in the city's SDF (City of Cape Town, 2012a) as the city's future urban economic backbone (or primary corridor). It offers approximately half of the city's formal economic opportunities and is also a key operating area for hundreds of informal traders. This 16km stretch also offers 85% of the city's opportunities in the industrial sector and is thus a key part of the city's economic spatial structure (City of Cape Town 2012d).

The City of Cape Town has defined two points along Voortrekker Road to distinguish its boundaries; these are the Salt River circle on roads to the West and the Stikland Bridge to the East. Bellville is an established economic centre which anchors Voortrekker Road in the East with Salt River to the West. It is envisioned that the city's future economic backbone will be positioned along the corridor. As such, the area considered in this analysis will be limited to Salt River, where the road originates on the CBD's east, and the Bellville area, some 16km down Voortrekker Road. Although the area of focus follows Voortrekker Road, the corridor conceptually expands a few kilometres on either side, as indicated conceptually in the city's SDF (City of Cape Town 2012a).

The city has established special improvement measures in order to activate the corridor, which has been highlighted for regeneration by the City of Cape Town (City of Cape Town 2012d). Such initiatives reflect some of the actions being undertaken by the City of Cape Town to stimulate development in the area. These will be referenced several times in the following analysis and will therefore be explained in the following two paragraphs.

The first refers to the Voortrekker Road Corridor City Improvement District (CID), which was established in order to deal with the area's escalating crime and grime. Particular geographical areas are marked by the city and declared a Special Rating Area (SRA). Occupants within these areas are required to pay additional rates to boost services in the area that support business activities. Such services include aesthetic cleaning efforts, increased public safety operations, urban upgrades and initiatives to deal with particular social problems rife in the area. The ultimate objective of an SRA is to rejuvenate the area while encouraging local economic development (City of Cape Town 2012d).

The second involves the declaration of particular areas as Urban Development Zones (UDZs). This is a tax incentive designed to speed up building development for trading purposes and exempts property investors from paying tax on property extensions and improvements that involve trading activities. These UDZs currently occupy sections 1 and 3 of the corridor (see Figure 5.16 Voortrekker Road Corridor: New Non-Residential Building Completions 2005-2012), although the City of Cape Town has applied to the Minister of Finance to extend the tax incentive area to include Maitland (City of Cape Town 2012d).

5.5.1.4. Spatial Pattern

Figure 5.16 (Voortrekker Road Corridor: New Non-Residential Building Completions 2005-2012) illustrates the building development activity of the area since 2005. The visual ranking of slower development (red) and faster development (green) is based on development rates across the city so as to reveal a relative indication of development intensity. The area shaded with red is a band of very little recent development which stretches across the corridor.

Historically, Voortrekker Road has connected the CBD to the further reaching areas of the city to the East, as was clearly indicated in Chapter 3. Subsequent development has taken advantage of this accessibility and reinforced it as an important transport route. This area can be accessed by a variety of transport modes. The railway line running alongside the road makes for speedier access along the corridor for pedestrians, while there are also taxis and busses that can be used.

5.5.1.5. Examining Sections of the Voortrekker Road Corridor

Economic activity and land-use along Voortrekker Road is not uniform. According to the Cape Town property professionals surveyed, different parts of the road vary in terms of economic function and character. As such, the corridor should be considered in sections lining a common transport passage, rather than as a transport passage lined by development of a single seamless character and serving a uniform economic purpose. This is

important to consider given the focus of this chapter, namely to understand the state and growth of the corridor with particular focus on the current economic trends in Cape Town driving spatial development.

It has already been shown that the economic sector making the greatest contribution to the city's GDP, and which also shows the strongest growth, is the tertiary sector, particularly activities involving finance, real estate, and business services, followed by wholesale, retail and motor trade (see figure 5.2.: Cape Town's Economic Sector Real GDP Growth 2005 Constant Prices). In addition, the secondary sector, although not generating the highest level of GDP, is also an important spatial driver, considering the space needed for industrial and warehousing activities and the expansive spatial development that has occurred for this sector's activities since 2005.

Given that, primarily, development has been in response to existing conditions rather than through speculation, in order to better understand what sort of development is taking place, the corridor will be investigated in three portions which correspond to the three trends of new property development intensity as indicated in Figure 5.16 (Voortrekker Corridor: New Non-Residential Building Completions 2005-2012). This will be done in order to understand what the area has to offer investors, and their thoughts on investing in the road's development.



Figure 5.17. Gateway to the Voortrekker Road Corridor: Salt River Circle (Author, 2013)

5.5.1.6. Sections of the Corridor: Patterns and Trends

The following will examine the different sections along Voortrekker Road as indicated on Figure 5.16 (Voortrekker Corridor: New Non-Residential Building Completions 2005-2012) in order to be certain of the spatial economic conditions along the road. This is important for the testing of the hypothesis that Voortrekker Road is not showing the most promise of being Cape Town's future primary economic corridor.

5.5.1.6.1. Section 1: Salt River area

This area has increased in popularity due to its location; that is, its proximity to the CBD as well as a variety of higher-class transport routes which include the N1, N2, N7, the city's railway network, and the harbour (City of Cape Town 2012d). It is attractive to the city's growing smaller-scale creative industries that seek locations close to the CBD while avoiding its higher prices. Smaller industrial spaces within Salt River and its neighbour, Woodstock, are thus being converted to business premises (City of Cape Town 2012d).

This section of Voortrekker Road, the gateway between the Voortrekker Road Corridor and the CBD, is characterised by urban degradation. The landscape is fairly monotonous due to a lack of creative landscaping, despite the heritage value of some of the buildings that could add to the area's sense of place (City of Cape Town 2012e).

The area between Salt River Circle and Black River Parkway (M5) is mostly warehousing space and other industrial activities that relate to bulk transportation services and logistics. Further to the East the urban fabric changes to include smaller erven on which double-storey buildings are occupied by small businesses involving retail and factory shops, fast-food outlets and car dealerships, with occasional informal trading vendors situated along the sides of buildings (City of Cape Town 2012e). Further East, the sizes of the erven increase, with a higher density of light-industrial activities and small-scale businesses (City of Cape Town 2012d).

Manufacturing in Salt River has declined over the last few years due to the lack of industrial potential (Rabe 2013b; Sutton 2013). This, however, is not specific to Salt River, although it will have particularly strong implications for the area: firstly, if the manufacturing declines and businesses close, these buildings will become vacant, and secondly, the area's value to investors in comparison to other areas supporting manufacturing activities will also be considered by investors (Sutton 2013; Marais 2013).



Figure 5.18. View from Salt River Bridge down Voortrekker Road to the East (Author, 2013)

5.5.1.6.2. Section 2: Maitland, Kensington and Ndabeni

Rabe (2013b) insists that the area is performing well despite the crime and grime in the area. What is more, Sutton (2013) believes that this area will continue to be popular in the foreseeable future as it is in good proximity to the CBD and major transport routes, including the N1 and N2, the railway, and the harbour.

The Maitland area serves a variety of land uses, comprising light-industrial purposes including textile manufacturing, electrical/mechanical engineering services, and motoring services as well as a container depot of heavy-industrial transports. Several local businesses

operate in the area in the form of small food, furniture and retail shops, and auto-repair garages. The residential stock in this area is considered to be of low quality, with many backyards, and with other informal structures having been erected to support the area's relatively high population growth (Rabe 2013b; Sutton 2013).

A major feature of the western section of Voortrekker Road is Maitland Cemetery that runs adjacent to the road towards the south. This 113ha piece of land has developed since 1886 to become one of Cape Town's biggest graveyards with over 100 thousand graves that have since been neglected, with gravestones are degenerating, falling over, and being buried under mounds of earth (Ancestry24, 2010). While this area contributes to the identity of the area and adds historic character of the area, but also stands in the way of development as this land needs to be protected. Development in Maitland along Voortrekker Road is therefore restricted to the roads northern edge.



Figure 5.19. Maitland Cemetery: Barrier for Development, but Character Contributor (Author, 2013)

There is a correlation between areas of high property value (more than R500 000) built between 1998 and 2007 and company turnover as reflected by the RSC levies. Thus, areas located in higher-income areas are more likely to yield higher returns. The Voortrekker Road Corridor location and its property do not correspond to where non-residential growth is occurring, as the buildings are old (and have heritage restraints on development), the area does not satisfy the requirements of non-residential property investors (quality of building, logistics, building capacity etc.), there is a lack of confidence that investment in the area will yield high capital gains, and many of the residents in the area have low disposable incomes and therefore have less to spend (Commerford 2013b; Marais 2013; Smit 2013; Sutton 2013; Wylie 2013; Sinclair-Smith & Turok 2012). The high unemployment rate in the area does little to attract businesses which tend to locate near residents of higher income (Sinclair-Smith & Turok 2012). The large informal settlement growth in the area does not satisfy this need as the amount of disposable income available is lower (Sutton 2013).

The growth of informal businesses operating in the area is also very significant; Wylie (2013) and Smit (2013) point out that such businesses have a negative impact on attractiveness to private sector investors (City of Cape Town 2012e). Rabe (2013b) also insists that should formal economic activities be disrupted by informal activities, the areas towards Goodwood and Parow will also start to decline as investors move to more favourable locations, such as along the West Coast, and in the East/North East, the South East, or the South West.

Maitland has been declared a CID as well as a UDZ, therefore introducing incentives to the area particularly designed to encourage business activities while improving the aesthetics of the area in the form of refuse clean-ups and security patrolling. However, Sutton (2013), Marais (2013) and Commerford (2013b) do not believe that these measures have been significantly effective. They argue that the limited manpower of the security patrols in the area is incapable of dealing with the crime rate. In addition, Sutton (2013) explained that he had had several clients who were not aware of the tax incentives for trade-related development in the UDZ.

5.5.1.6.3. Section 3: Elsies River Industrial, Goodwood/Parow

This area, particularly Elsies River, is used for mainly small-scale manufacturing or light-industrial operations. Despite its growth in development intensity since 2005, as indicated on Figure 5.16 (Voortrekker Corridor: New Non-Residential Building Completions 2005-2012), such rapid development is not anticipated in the future (City of Cape Town 2012e). Most Buildings no longer fit modern requirements and tenants favour other areas as a result. Depending on the activity, such requirements might include storage capacity, secure parking for clients and staff, and building architecture featuring high eaves with wide spaces to better cater for machinery or storage needs (Marais 2013). However, these areas offer opportunity for redevelopment to meet current industrial and/or office and retail demands. (City of Cape Town 2012e). (see figure 5.20.)

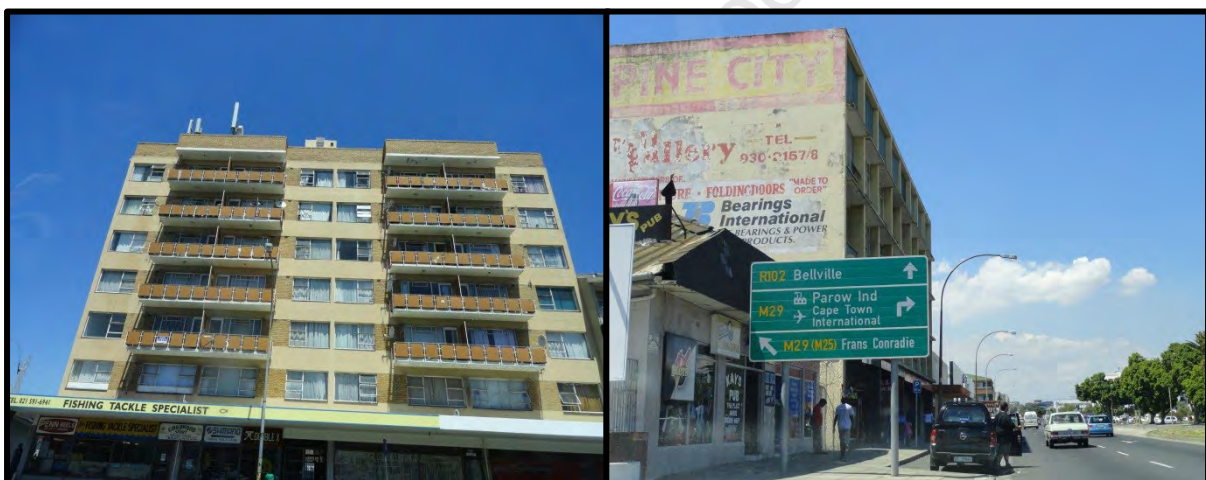


Figure 5.20 Old Buildings with Potential for Redevelopment for New Residential or Office Space (Author, 2013)

Elsies River experienced a growth in assessed values of property by 4% deviation above the average rate of growth across the city. It is possible that the relatively rapid rate of development in the area since 2005 may have influenced this rise. Parow's land value, however, decreased by 39% from the citywide valuation mean average between 2005 and 2009, indicating further urban property degeneration, or lack of interest in investing in the area (City of Cape Town 2012e).

5.5.1.6.4. Section 4: Bellville/Stikland

The dominant activities occurring within the Voortrekker Road region of Bellville involve medical, transport and financial services, auto sales and repair, and formal and informal trading activities. However, greater interest in other areas, particularly the Tygervalley region, has detracted investment. The Voortrekker Road area around Bellville has seen a general economic decline due to the Century City regional shopping development, N1 City, Cape Gate, Grand West Casino and Tygervalley, as well as the popularity of office parks to settle along the N1 in Century City, Tygervalley, Somerset West and Westlake. The lack of business centres on this section of the road places it at a disadvantage, relative to other parts of the city, for generating economic activity (City of Cape Town 2012e).

Bellville, however, is an extremely important node for informal traders, particularly around the Bellville bus and railway stations and where the taxi rank is located (City of Cape Town 2012e). These areas attract both local and foreign traders, who sell a wide variety of products that include tuck shop items, clothes, basic household or hygiene items, and fresh produce as well as offering hairdressing and barber services.



Figure 5.21 Voortrekker Road, Bellville (*left*), small grocery shop, informal street front business extension (*right*) (Author. 2013)

5.5.2. Voortrekker Road, Client Demand, Market Response and Outlook

Figure 5.16, “Voortrekker Corridor: New Non-Residential Building Completions 2005-2012 (Total counts normalised by area)” indicates that demand for space in proximity to the CBD has not translated into increased development along this road. Investor preferences help explain why this is the case.

The Voortrekker Road Corridor’s “crime and grime” is a significant factor in deterring businesses that might otherwise locate there (Smit 2013; Commerford 2013b; Marais 2013). Companies are looking for areas that offer security. In comparison to conditions along the West Coast, as well as development for such space, the Voortrekker Road Corridor falls short of offering a competitive option for investment (Smit 2013; Marais 2013; Wylie 2013; Commerford 2013b).

Sutton (2013) believes that as rents increase in areas in closer proximity to the CBD, it is possible that investors might turn to Maitland. However, he insists that it is only the location of the area, not the quality of the buildings that is going to yield higher rents. The residents living within closer proximity to the Voortrekker Road Corridor are not in most cases high-income earners. Following Sinclair-Smith and Turok’s (2012) argument that there is a correlation between company turnover and proximity to high income, the Voortrekker Road Corridor is not likely to draw investors who can settle in other wealthier areas where white collar bosses might live or where residents have more disposable income (Sutton 2013; Commerford 2013b).

It has been shown that the Voortrekker Road Corridor is stagnating in terms of property investment. Development since 2005 has been far slower than in its surroundings and is not responding to the current economic conditions in Cape Town, despite the clear impact the economy has on spatial development and the city’s GDP growth (see Figure 5.2 “Cape Town Total Real GDP”. Despite Voortrekker Road’s historical role as the urban core route through the city, its current conditions, coupled with such stagnation in comparison to other areas of the city such as the North, do not indicate that the Voortrekker Road Corridor is set to be the city’s future economic core.

5.5.3. An Emerging Axes of Development?

The lack of development along Voortrekker Road Corridor shows that this is more appropriately labelled as an axis of relative stagnation, as very little seems to be occurring in the area in contrast to the remarkably high development that has occurred along the West Coast. Given the degenerative state of the corridor, accompanied by its lack of development in recent years, it shows little indication that it will fulfil the city's SDF, as economic forces driving land use will detract focus in favour of other areas of the city, such as Century City or Tygervally for commerce and Kuilsrivier or Paarden Eiland for industrial or storage uses (City of Cape Town 2012a).

5.5.4. Emerging Economic Activity Nodes

It has been shown that very little formal economic spatial development is taking place in Voortrekker Road. However, other parts of the city are showing development of new non-residential property (figure 5.17 – Cape Metro: Areas Displaying Highest Spatial Non-Residential Growth 2005-2012). This section will highlight these areas. This will be followed by a section contrasting these identified nodes with the Voortrekker Road Corridor.

The task for planners is to attempt to facilitate how the city grows in the future. In Chapter 4, the Voortrekker Road Corridor is shown historically to be an important economic node in Cape Town, and it has been proposed by the City of Cape Town that Voortrekker Road shows the best promise of becoming the city's future economic hub based on its location, its transport infrastructure, and in particular, the land's opportunities for development.

However, it has been shown that there is very little economic development occurring along the Voortrekker Road Corridor, and that developers are sceptical about investing in this area and are doubtful it will yield high capital return. Other areas of the city, which have shown high rates of development, will be considered in terms of where the most intense non-residential construction is taking place, their patterns and trends, why they are performing as they are, and briefly, the implications of these trends.

**Cape Metro: Areas Displaying Highest Spatial Non-Residential Growth 2005-2012
(build area normalised by node segment area)**

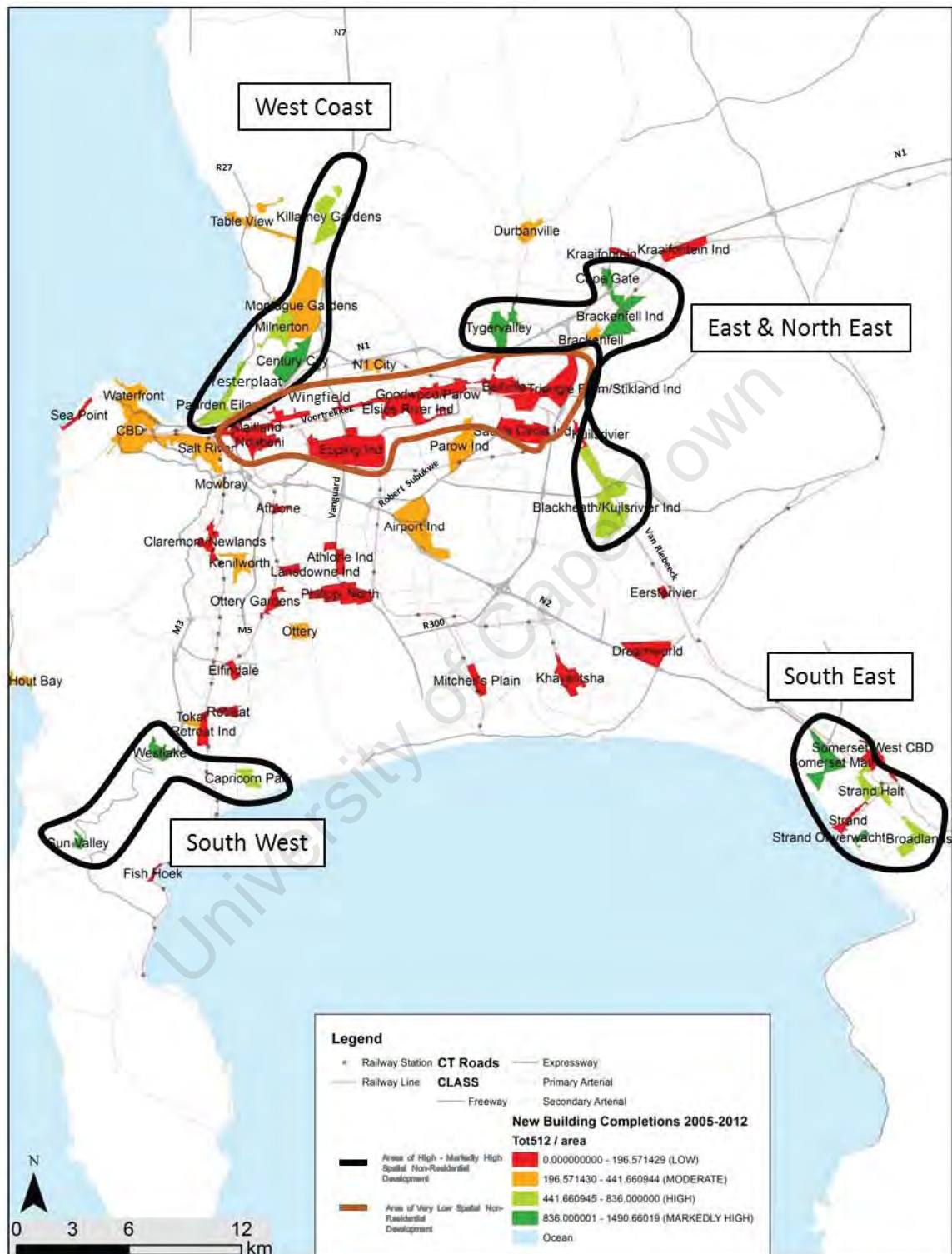


Figure 5.22, "Cape Metro: Areas Displaying Highest Spatial Non-Residential Growth 2005-2012
(build area normalised by node segment area)"
(City of Cape Town & Dept. Building Development Management 2012b)

Figure 5.17 (Cape Metro: Areas Displaying Highest Spatial Non-Residential Growth 2005-2012) shows that the lack of growth experienced along Voortrekker Road is not shared in other parts of the city. Figure 5.18 (Types of Building Completions: Contrast of Areas of High Total Area Growth with Voortrekker Road 2005-2012) illustrates the function of buildings that have been constructed. Like figure 5.17 (Cape Metro: Areas Displaying Highest Spatial Non-Residential Growth 2005-2012), it illustrates the variety of extensive non-residential building growth across the city, while also indicating that there are nodes that need to be considered.

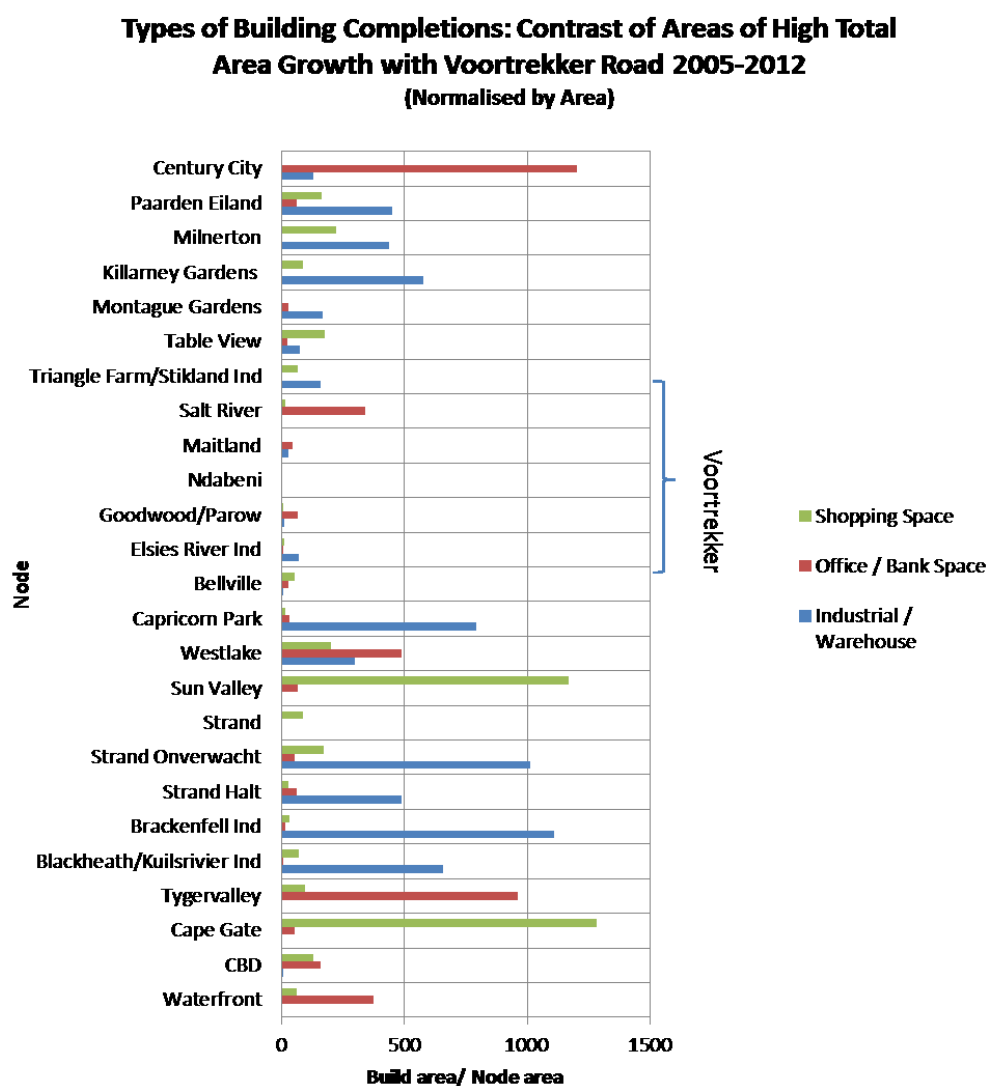


Figure 5.23, “Types of Building Completions: Contrast of Areas of High Total Area Growth with Voortrekker Road 2005-2012 (Normalised by area)” (City of Cape Town & Dept. Building Development Management 2012b)

5.6. Conclusion

5.6.1. What are the Prospects for Investment?

The object of this chapter was to achieve two outcomes: firstly, to provide evidence to support the hypothesis that the Voortrekker Road Corridor is not set to be Cape Town's future economic backbone, and secondly, to highlight the areas showing the greatest special economic growth in Cape Town.

The first enquiry was regarding the state of the Voortrekker Road Corridor and its developmental prospects. Marais (2013) and Sutton (2013) maintain that many investors will be unlikely to "buy in" to the marketing of the area as a valuable property investment.

In an interview, Commerford (2013b) also firmly expressed his doubts about the proposal of Voortrekker Road developing into the city's future economic hub. This view was again expressed in a later email response to a particular news article praising the Voortrekker Road Corridor's redevelopment progress. The news report praises the "metamorphosis" of the Voortrekker Road Corridor Improvement District (VRCID) since its establishment in July 2012. It insists that due to the area being "ripe for investment" (SA Property News 2013).

The article cites *New Property Ventures'* managing director Mike Nixon, who maintains that

Properties still offer good value and you have to look to the future for growth in the VRCID with its huge infrastructure. Any property in a city improvement district has the added advantage of being safe and clean and all our tenants [Capitec and Absa in the BSC building] buy into this.

When asked for a response, Commerford, Old Mutual Property's National Development Manager, expressed the following:

It appears as though the property owners are trying to talk up the desirability of the area. Yes, the area offers good value for money but, in our opinion, [it is] not necessarily good for investment return and capital growth. We do agree that the CID

[does] add value but there are also other areas with an established CID (Commerford 2013a).

These accounts confirm that investors do recognise the VRCID's potential for investment. However, it is questionable that the area will offer capital returns and that there are other areas that are more desirable, which is a sentiment shared by all those interviewed working in the property industry.

5.6.2. Where Are the Areas of High Spatial Growth Driven by the Economy?

The evidence presented in this chapter first indicates that the city's economy is certainly growing in all sectors, but very markedly in the tertiary sector, which contributes the most to the province's GDP and has the highest growth rate. The city's spatial development reflects this, particularly in light of the high levels of office space development in Century City and Tygervally, which have shown extremely high development since 2005 relative to other parts of the city (see figure 5.6 "Cape Metro: Total New Non-Residential Building Completions 2005-2012 (Total new area built normalised by area of district and figure 5.18 – Types of Building Completions: Contrast of Areas of High Total Area Growth with Voortrekker Road 2005-2012).

The evidence shows that the hypothesis disputing the Voortrekker Road Corridor's prospects of becoming the city's future "backbone", or node, can be accepted. This is due to a variety of considerations. The first, which settles on the back of the argument that spatial development is profoundly driven by the economy, indicates that building development has intensified in other areas of the city, namely along the West Coast, and in the North East, the South East and the South Western peripheries. Such supersedes that along the Voortrekker Road Corridor

Other considerations favouring or discouraging investors and business's location decisions include the current variations of office rental rates, parking charges and rental escalation rates. Other qualitative evidence taking the form of interviews has also suggested many

reasons why the West Coast is more attractive to investors, despite the opportunities for development along the Voortrekker Road Corridor.

Finally, on investigation of figure 5.15 (Cape Metro: Conceptual Map – Strong Economic Activity Nodes and Axes) spatial patterns of development are identified by observing the emerging development nodes and axes indicated on all analysis maps, the direction of the city's development is following a North–South axis and expanding along the West Coast and Tyger Valley. Other secondary nodes are also developing on the city's periphery.

The location of these nodes and the North-South direction taken by these development axes have implications for where the planners should be facilitating this growth by channelling investment into strategic infrastructural projects that will allow the metro South to access these areas physically, economically (costs of commuting, employment opportunities) and socially (social integration, equal access). Such will have implications for the extent to which future growth in Cape Town and the opportunities it brings can be shared.

In light of these findings, the following chapter will review the current SDF's vision for Cape Town, given the city's economy, of which the SDF lacks consideration. Thereafter, suggestions will be made as for how the SDF should be amended to be more responsive to the city's spatial economic development trajectory.

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CHAPTER 6:

Cape Town Spatial Development Framework Review and Amendment

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6.1. Introduction

This report has thus far provided an outline of Cape Town's spatial development since its inception and how the city has changed in recent years. It was determined that in response to the city's economic growth and, particularly, secondary and tertiary sector activity, the city is very clearly expanding towards the North towards Tyger Valley and along the West Coast in particular, and economic spatial demands have proven to be significant in driving this growth. Other noteworthy areas that are growing include Somerset West on the South East periphery and, to a lesser extent, Westlake and Sun Valley in the South West due to more favourable conditions as reflected by property investors and businesses' location preferences (which vary depending on the tenant and activity).

In promoting the importance of planning for resilience and adaptability to change, there is obvious evidence of the City's intention to 'bend the trend' of economic development:

New growth must be directed towards appropriate locations, the market must be incentivised to respond to the spatial structuring elements and policy directives identified by the CTSDf. (Emphasis added)

(City of Cape Town, 2012a, p.29)

The "appropriate locations" identified in the SDF include the Voortrekker Road Corridor, as well as other nodes around the city, which include the Belcon site, Bellville CBD, Athlone CBD, and Symphony Way (City of Cape Town 2012a, p.29). Direction spatial economic growth towards these areas is to be done in order to uplift the historically marginalised residents living in the city, with particular emphasis on areas of the Metro South East, by bringing economic activity to these areas while investing in public transport infrastructure that allows the public equal access to economic activities (City of Cape Town, 2012a, p.29). It has also been shown that the city is growing in particular nodes in the periphery along a North–South axis towards the Northern Suburbs, rather than along a single corridor along an East–West axis. In light of this, this chapter investigates the congruency of the SDF and the current economic development trends driving spatial development in Cape Town which are likely to hinder the resulting vision of the SDF given the strength of the economy as a

spatial driver. It must be emphasised, however, that this SDF review considers the SDF from a dominantly economic perspective as it relates to spatial expansion, its implications for the city's residents and where public investment should be spent. The product of this chapter will not be a revised SDF in its entirety, as such would involve consideration of other important spatial determinants in the city, such as environmental, social and administrative considerations. However, several conceptual amendments will be proposed that speak to the city's spatial economic trends specifically and how these need to be considered in planning for the city's future.

6.2. The Objectives of the City of Cape Town's 2012 Spatial Development Framework

The City of Cape Town aims to enact several key principles to ensure best practice in metropolitan spatial planning. Such principles involve practising sustainable development, whereby the city maintains a harmonious relationship with the natural environment by utilising natural resources with caution and limiting the city's ecological footprint, while the city is designed to support the needs of children, the disabled, and the elderly, and safe environments are created to facilitate a range of lifestyles by supporting a variety of land-uses. The document therefore considers a variety of issues in order to construct a guide plan to inform public spending decisions (City of Cape Town, 2012a).

There are several principles that have a particularly significant bearing on the appropriateness of the city's response to the current spatial trends emerging on account of the city's economy. The SDF states that the city should "offer maximum access to the city's opportunities, resources and amenities, and redress spatial imbalances in this regard as far as possible", that "the public good should prevail over the private good", that it must be responsive to "the basic needs of communities by providing a stronger link between regulatory processes (zoning schemes) and spatial plans and policies", and that "cross-sectorial budgeting; planning and growth management approaches should be promoted" and, importantly, "produce inclusive, shared economic growth and development" (City of Cape Town, 2012a, p.9).

The SDF is a spatial plan that is designed to embody these principles. It must therefore be viable and realistic in order for it to facilitate realising these goals contained in the SDF is a conceptual vision for the city (see Figure 6.1. Spatial Development Framework Concept Vision for Cape Town – labels have been added for clarity). This figure illustrates that investment is to be encouraged primarily along the Voortrekker Road Corridor in order to establish it as the future economic ‘backbone’, or primary corridor, of future Cape Town (City of Cape Town, 2012a). However, in the previous chapter, strong evidence in the form of past building completions illustrating interest and faith in developing the area, as well as developer and broker insight into the prospect of the corridor drawing investment, indicated that the corridor was not showing the most potential to become the city’s future primary economic corridor. Evidence was presented that supported the hypothesis that the Voortrekker Road Corridor was not set to become the city’s future economic backbone.

Spatial Development Framework Concept Vision for Cape Town

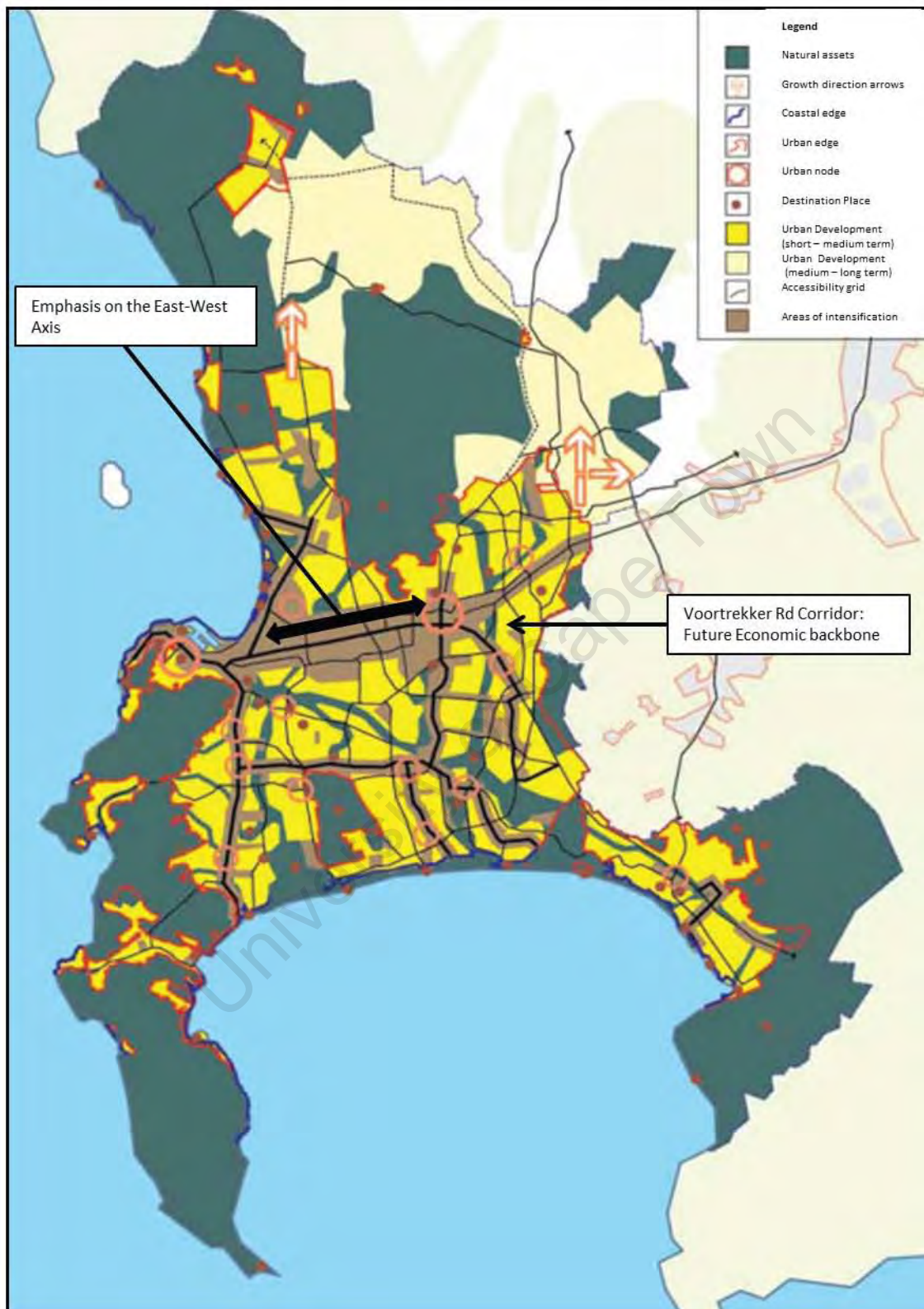


Figure 6.1, “Spatial Development Framework Concept Vision for Cape Town” (City of Cape Town, 2012a)

6.3. The SDF's Engagement with the Economy as a Spatial Influence

The city's SDF recognises the economy's influence on Cape Town's spatial patterns, along with other influences, such as population growth which increases service delivery infrastructure needs, and the land available for urban development (City of Cape Town, 2012a). At the same time, however, in efforts to address the city's spatial economic imbalances, the SDF states:

The city will encourage employment-generating opportunities in locations accessible to the Metro Southeast, through the sale/lease of land, and land use and procedural measures." (City of Cape Town, 2012b, p.55)

Some priority areas include the Belcon site, areas surrounding the Cape Town International Airport, Gatesville, Kenilworth, Athlone CBD, Bellville CBD, the Macassar area within the urban edge, Symphony Way/Modderdam Road, Heartlands, and along Vanguard drive on the South side of the N1.

Prioritising investment in these areas has strategic merit in terms of bringing economic opportunities to marginalised areas, but it neglects the trends of private investors that are focused on areas currently developing into strong economic nodes – particularly toward the North along the West Coast and in the North East in Tygervalley and Brackenfell.

While the SDF acknowledges the economy as an important spatial force, it believes that planning can still control and redirect this growth. Through neglect of the city's current spatial economic growth trends in favour of prioritising other areas, problems are going to arise as the city becomes less capable of handling the spatial demands of growth towards the North. The city's future movement restrictions as a result of this growth have been acknowledged. However, efforts are still made towards making the Voortrekker Road Corridor vision a reality (see map 6.2.: SDF (2012) Spatial Implications of Urban Growth Drivers and Trends).

SDF (2012) Spatial Implications of Urban Growth Drivers and Trends

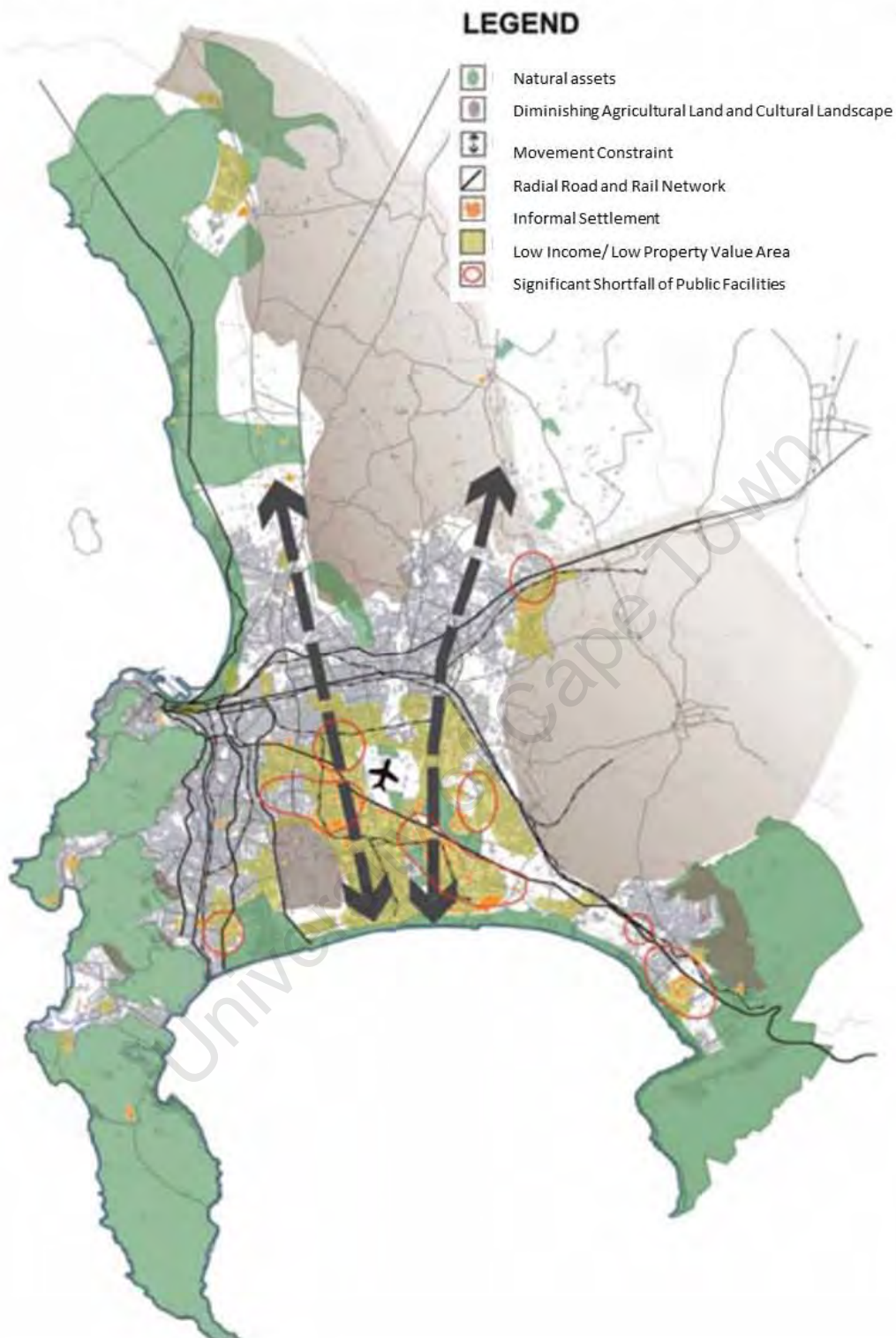


Figure 6.2, “SDF (2012) Spatial Implications of Urban Growth Drivers and Trends” (City of Cape Town, 2012a)

The SDF also acknowledges that the spatial economic pattern in the city is less linear in form than nodal, but argues that Durban Road in Tyger Valley, the Main Road towards the Southern Suburbs, and Voortrekker Road are also a significant part of the city's spatial economy. With the evidence presented in Chapter 5, it is reasonable to argue that investors will continue to reinforce the dominance of the growing economic nodes, thereby reinforcing the attraction towards them and away from Voortrekker Road, given that these nodes are more attractive and inspire more confidence in capital return.

The SDF acknowledges that economic activities demand particular infrastructure to function, as it cites the airport and the sea ports' extensions as well as business-supporting logistical services. It also recognises that different industries prefer to locate in particular areas. In consequence, it aims to invest in strategic projects that could draw investors to the node or corridor. Such is the case along Voortrekker Road. Examples include the upgrading of the Bellville bus/taxi/railway station terminal; application of landscaping measures along the Voortrekker Road Corridor to facilitate urban renewal; encouragement of mixed use development to sustain variety and result in higher attraction to consumers; crime prevention and security monitoring services through the use of the CID initiative; and declaration of the area as a UDZ, thereby reimbursing businesses which build or upgrade trade-related premises, while increasing the residential housing stock along the road (City of Cape Town, 2012a).

6.4. The Importance of Learning from the Past

The SDF recognises that the private sector has not responded in the past to a project similar to that of Voortrekker Road, whereby the Khayelitsha CBD Development project introduced several infrastructural interventions which included a transport interchange and retail. This first phase of development cost some R452 million to implement but, despite this, it has failed to draw substantial private interests to locate to the area. While a private housing development venture was attracted to the site, the feasibility of such development is in doubt (City of Cape Town 2013c).

In a second example, a section of the Philippi Horticultural Area was designated for some 100 000 residential units to be built, which would consume a section of the land, leaving parts of it for sand mining and conservation. Accompanying this was a proposal to upgrade Philippi Industria by investing some R19 million (2003 prices) in infrastructure (including a fresh produce market, and redevelopment of the Old Cement Factory to meet modern industrial requirements in order to attract financial investment into the area).

Complementing this was the construction of a R75 million (2003 prices) investment in the new Joe Gqabi Interchange, around which are a police station, a Shoprite Checkers, a service station, a traffic department and roadworthy testing centre, in order to attract traffic into the area, which would promote business exposure, provide a greater consumer base, and uplift the area by generating economic activities on the back of private sector investment being drawn to the area. However, the SDF refers to this node as an area that has failed to show significant economic gain and new building development as the area's poor image and association with a high rate of crime deterred investors (City of Cape Town, 2012a).

While the developments in Khayelitsha, Philippi and that proposed along the Voortrekker Road Corridor are different in terms of location, market attraction and proximity to the CBD, the dismal performance of the Khayelitsha and Philippi nodes in drawing private investment through public infrastructural investment should serve as a warning for future attempts to generate economic development in stagnant areas with lack of private investor interest. Although stimulating these nodes would be better for the residents who live in close proximity by generating economic opportunities, and would spread property investment more equally across the city, the reality of the economy's power in Cape Town to drive spatial development according to supply and demand is stronger, and thus private investment has not been attracted to these areas despite the opportunities for investment they might present.

6.5. An Amendment to the SDF: Maximising Spatial Economic Development by Acknowledging Current Spatial Economic Trends

As Cape Town's economy is inevitably going to have greater influence on the city's space than that of planners, as illustrated in Chapter 5, the philosophy behind planning interventions should be to maximise gain to all residents, following the economic drivers of spatial economic development, rather than attempting to such maximisation by directing development in areas shown to be economically weak. It has been shown that, while the SDF claims that the Voortrekker Road Corridor offers the most potential in becoming the city's primary economic corridor, there are strong indications that the future concentration of economic activity will be located towards the North of the N1. What is more, spatial economic development is taking a North–South direction. This should not be ignored by planners, as the city has committed to significant public spending in order to uplift the Voortrekker Road Corridor so as to attract investment, rather than to support the current trends towards the North and make provisions for future growth.

6.5.1. North–South Axis Support

There are two prominent axes developing in the city: that along the R300 and that northward along the N7. The North–South axes development needs to be encouraged and facilitated for a variety of reasons. In accordance to the SDF's principle of rectifying spatial inequalities across the peninsula, the northern and the southern areas of the city need to connect more directly, rather than relying on the existing and heavily West–East axis freeways. This is particularly important as it concerns areas in the metro South East where there are few job opportunities and high concentrations of people who will be travelling towards the North, where there are greater employment opportunities (see figure 6.5: Cape Metro Population Density).

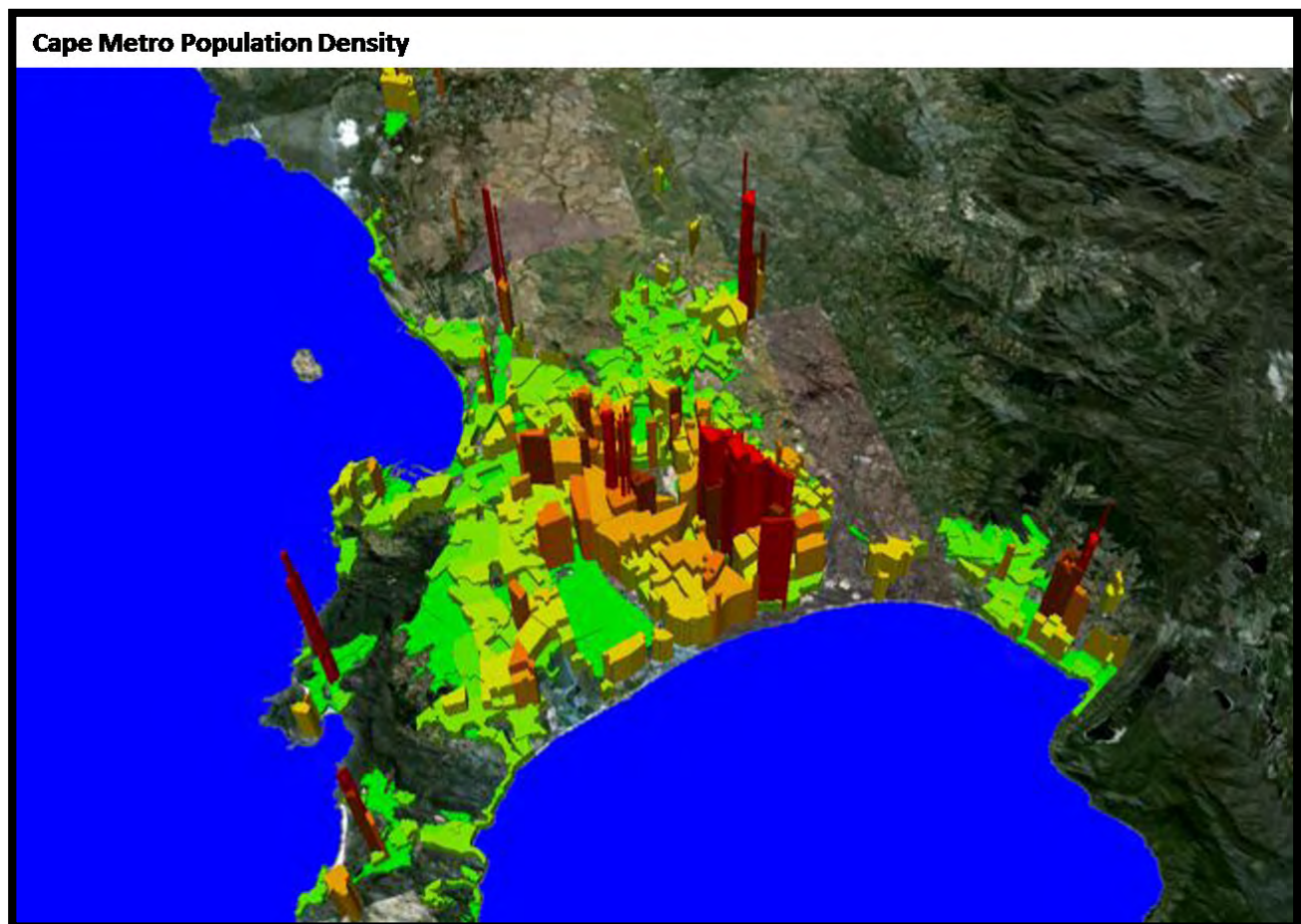


Figure 6.3, "Cape Metro Population Density" (Rabe 2013a)

With the increase of traffic moving between the large residential areas in the South and the emerging employment areas in the North, there will be new demand for space as businesses seek to capitalise on the increased exposure to traffic flows along the N7 and R300 (McGaffin, 2011). If spatial economic development continues to favour the North and the Voortrekker Road Corridor continues to stagnate, it is likely that commuters will bypass the area and remain on the N7 and R300. They will have little reason to access Voortrekker Road other than as a transport interchange or for particular, lower-order, kinds of goods and services. This will put pressure on the existing freeways, particularly the N1, which feeds the busy North–South roads north of it. Services need to be installed to support the increased demand for different kinds of property along roads that facilitate this North–South movement pattern (N7 and R300), while the North–South road and rapid bus and rail infrastructure needs to be updated. If this is neglected in favour of investing in nodes or corridors that are unlikely to regenerate, the money will be ill spent, as such spending

ignores the current spatial growth trends of the city that have the less mobility infrastructure support.

It is essential that public transport infrastructure be enhanced in order to facilitate the movement between the North and South more efficiently, as these roads – such as the M3, Vanguard Drive and the R300 – are likely to become more congested. New infrastructure facilitating public transport movement would include the Blue Downs railway corridor, which is sorely needed to ease accessibility for the residents of the disadvantaged South East, as this would complete the square-like grid running across the city. It would also include the currently planned expanded IRT bus service between the city's CBD and Khayelitsha (City of Cape Town 2013b). However, provisions also need to be made for this service to run towards the North, particularly if industrial development continues to grow in the North very rapidly in the Brackenfell Industrial area and in Kuilsrivier in the northern and western areas of the Cape Metro, and along the West Coast, as these activities are employment intensive.

6.5.2. Focussing Public Investment to Work with the Current Spatial Trends to Benefit More Residents

In efforts to address the city's spatial economic imbalances, the SDF states:

The City will use public investment and public interventions to generate market opportunities for investment and job creation to select locations in the metro Southeast. To be effective, a limited number of locations will be targeted for coordinated public interventions... (City of Cape Town, 2012a, p.41).

Some priority areas for public investment were listed earlier in Section 6.3 of this chapter. Prioritising investment in these areas, while having strategic merit in terms of bringing economic opportunities to marginalised areas, neglects the spatial investment trends focussed on areas currently developing into strong economic nodes – particularly toward the North along the West Coast and in the North East in Tygervally and Brackenfell – and

also does not acknowledge the similar cases of Philippi and Khayelitsha that failed to materialise.

Infrastructural public investment would, however, aid the North–South axis trends of development, as it has been shown in Chapter 5 that this is the direction along which private spatial economic investment is being spent. Thus, rather than funds being spent on areas that have been shown to fail at attracting private investors, public infrastructure expenditure should be directed at the North–South axes, rather than along the West–East axes of Voortrekker Road and Wetton-Lansdowne Road, in order to manage the future development in the city.

If the city is to ensure that it “capitalises on existing and developing sectoral comparative advantages”, it should facilitate these trends in such a way as to enable more people to benefit from them, rather than encouraging different trends that are unlikely to be realised in light of current economic and spatial trends (City of Cape Town, 2012a, p.26).

6.5.3. Consultation with the Private Sector: Planning Spatial Development

There needs to be a platform where the city’s planners and politicians can put their proposals forward and property investors and developers can respond. Currently the public is invited to give comment on the draft SDF, and private sector developers do respond to this, but by the time comment is invited there may be little flexibility to change the plan. Such input would better inform what is *likely* to happen in the city in terms of spatial economic development rather than where such economic development *should* be. As Wylie (2013) from Safcom has said:

The City of Cape Town needs to interact with the private sector. Their prerogative is in infrastructure development. They can try to control demand, but there needs to be a consultation process as ultimately developers will react to what is happening now not in anticipation of what might happen. (Wylie, 2013)

If the city is to attract private investors, it needs to install infrastructure, a need which is clearly recognised in the SDF. However, it has been shown in Chapter 5 that developers opt to invest in areas that already show the highest potential for capital growth, and that while Voortrekker Road may be a UDZ and a CID, the marketing effort shows more pomp than promise (Commerford 2013b).

The initial reactions of the property development managers and brokers interviewed were that the Voortrekker Road Corridor vision is unlikely to materialise, given that there were more desirable places for businesses to be located (Commerford 2013b; Marais 2013; Smit 2013; Sutton 2013; Wylie 2013). Despite planners' best intentions to steer urban regeneration through investment along the Voortrekker Road Corridor, experts working in the property industry do not express much confidence in this proposal. Sutton (2013) maintained:

Voortrekker is going downwards. There has been an increase of informality, crime and urban degeneration in the area and businesses aren't going to want to settle there if they can settle somewhere else. (Sutton, 2013)

Thus, while Voortrekker Road does offer opportunity for developers, given the cheap property values and potential for redevelopment, those interviewed argued that it would be very expensive to redevelop the buildings, that the heritage laws and current land-owners would hinder the development process, that consolidating the land in favour of larger developments would be challenging, and that there were other areas in the city that were in demand (Commerford 2013b; Marais 2013; Smit 2013; Sutton 2013; Wylie 2013).

In light of this, it is important therefore that the city planners consult with experts in the private property industry in order to ascertain whether the market will respond as they hope, in order to enable their vision to materialise. This is not to say, however, that planners should relinquish much of their control to private investors and developers; instead, they should devise plans to ensure that the city's vision is congruent with the interests of developers who will stimulate private investment. This again returns to the theme of the city working with the trends in order to facilitate development that benefits all, rather than

working against the grain in an effort to bend the trends over which they have limited control.

6.6. Why Does the SDF Promote the East–West Rather than the North–South Axis?

The current spatial trends driven by the economy as outlined in Chapter 5 run directly counter to the future plans for the city's spatial development trajectory. While the SDF recognises the rapid rate of property development and investment towards the North, it over-emphasises the capacity of planners to steer the direction of development along Voortrekker Road.

It is curious that the SDF encourages development along Voortrekker Road, given its poor likelihood of succeeding as a key strategy for economic upliftment when the economy is trending in a different direction spatially. The SDF does recognise both the extent of spatial development towards the North and the trends towards nodal development and agglomeration development which are stronger than corridor development in the city. Nevertheless, the SDF has adopted the Voortrekker Road Development investment plans. What is more, the lack of private sector investment in the Khayelitsha CBD development, despite heavy public investment, should be serving as a powerful precedent and example of the lack of control planners have on spatial economic development.

Importantly, however, public investment initiatives such as the CID or UDZ schemes can work to Voortrekker Road's advantage, as upgrading it to become safer and cleaner will serve the interests of the people and the formal and informal businesses that work in the area. Instead of the Voortrekker Road Corridor being envisioned as the future primary corridor of the city, it should rather serve as a secondary corridor which supports the areas in closer proximity by encouraging local trade (as the UDZ does and formalising the informality in the area). The existing functions of the road – such as auto mechanic service stations, retail and accessory shops, small takeaway restaurants and other small businesses operations – should be supported. Informal trading in the area supplies thousands with a livelihood and should therefore be facilitated in order to allow them to continue to support themselves and their families (Smit, 2013; Sutton, 2013). Thus, better infrastructural

support is needed to enhance the current economic function of the road; this could include formalised shelters above the many approved trading bays, easy access to water and electricity, storage areas, and security patrols.

However, Chapter 5 shows overwhelming evidence that the Voortrekker Road Corridor is unlikely to develop significantly in the future to become the city's future primary economic corridor. Areas towards the North are showing greater promise.

6.7. The Way Forward

The SDF is mandated to be reviewed each year under the Municipal Systems Act, Section 34 (no. 32 of 2000) as it is part of the city's Integrated Development Plan (IDP). This review needs to take into account several issues: impacts of peak oil and climate change; changing global, national and local dynamics; and population, residential and economic trends. This report is to be used particularly in consideration of Cape Town's economically driven spatial trends and considered to evaluate the likelihood of the Voortrekker Road Corridor becoming the city's primary corridor. This evaluation has implications for public spending decision-making in terms of investment priorities. Investment should facilitate the city's likely future spatial growth in order to ensure that they yield benefits shared by the city's residents, while minimising spatial, economic and social inequalities, and uplifting the poor.

The evidence presented in Chapter 5 and the SDF critique offered here represent by no means a closing point in evaluating the city's economic influence on spatial patterns and what needs to happen to facilitate it. More specialised studies are needed to investigate the proposals presented; one such would be a transport study to inform the types of infrastructure required in order to allow for mass movement of residents from the Metro South East to and from the rapidly developing areas of the West Coast and the Tyger Valley/Brackenfell area in the North East.

With regard to the North–South route along the N7, the MyCiti bus routes need to be redirected through the areas of highest activity to ease movement by offering a reliable form of public transport. The MyCiti route should connect strategically to other areas of the

Cape Flats, particularly the poorer areas of the Metro South East, as these areas will continue to be marginalised when the city continues to grow towards the West Coast and North East economic nodes. Regarding the North–South axis that will be serviced by the R300, IRT services need to be revised and MyCiti services installed along this road; however, the current taxi routes also need to be considered, as installation of such a service is likely to experience resistance from the taxi unions and existing bus services, which might feel threatened.

In addition consideration should be the feasibility of connecting the railway lines of Khayelitsha and that towards Somerset West through the Blue Downs area, in order to complete a circular grid around the city. IRT routes need to take into consideration that people will travel in greater volumes in the future to areas where more economic opportunities are being generated (Chapter 5 has shown these to be towards the North).

In supporting the N7 and R300 axes of development, an open space study needs to be conducted to ensure that the public exposure enabled by the roads can be capitalised upon, as street-front offices and retail businesses that rely on such public exposure for advertising will be attracted to the area to take advantage of the steady flow of traffic through these areas. Economic upliftment opportunities should also be devised so that the poorer populations located adjacent to these roads benefit. Such opportunities might include establishing informal trading markets or shopping complexes that allow for many small locally owned businesses to establish themselves in an affordable public space that is accessible to many.

6.8. Conclusion

In order to rectify the spatial inequalities in the city, the most realistic means of ensuring all benefit from the growing economy is to working with the trend of development. This should be done in order to ensure that spatially and economically marginalised residents have more efficient access to economic opportunities. This approach contrasts with the SDF's strategy of attempting to direct economic opportunities to particular areas, thereby

working 'against the grain'. It is emphasised here that while bringing the opportunities to the people rather than the people to the opportunities would be more spatially equitable, such not a simple exercise given the strength of the economy in driving spatial development.

Thus, instead of trying to work against the current trends of spatial development towards the North on a North–South axis in favour of the redevelopment along the Voortrekker Road Corridor and other particular stagnant nodes, the SDF needs to refocus its strategies on how to manage the city's current trends in a way that does not attempt to redirect it, but prepare for it to avoid future problems. However, the current approach of the SDF will not ensure this vision of remedying the spatial inequalities in the city, as planners have little capacity to carry out the ambitious manipulation of the city's spatial economic growth trajectory in the face of the economy's influence.

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CHAPTER 7:

Conclusion

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7.1. Findings and Chapter Summaries

The purpose of this chapter is to highlight what this study has achieved and its ultimate findings, while also proposing future studies concerning engaging with Cape Town's space economy. The argument on which this study of Cape Town rests is that planning has little power to work directly against dominant spatial trends. It can merely attempt to facilitate spatial economic growth in a way that promotes spatial justice. Attempting to redirect growth away from where it occurs can be counter-productive to such growth if it is not understood.

The methods used in this analysis and the ways in which ambiguities were dealt with in Chapter 2. In Chapter 3 literature over the last decade many scholars maintained that economic forces involving the growth and spatial needs of primary, secondary and tertiary sector activities, and that operational requirements for particular businesses as well as investor preferences, have a profound influence on cities spatial patterns.

Chapter 4 considered the connection between spatial development trends and the city's spatial patterns that emerged in response, and found them to be strongly correlated. Cape Town's initial function was to provide supplies to trading ships as they passed through the area. This economic function steered the city's spatial development as economic activities, particularly those related to farming, encouraged expansion towards the periphery. These functions demanded greater access to the town, prompting the transport infrastructural links between the town centre and the periphery towards the South as well as that along Voortrekker Road towards Paarl and Stellenbosch. Subsequent labour demands, coupled with racism and political agenda, expanded the city towards the Cape Flats as the population of the town grew due to the increased job availability.

Chapter 5 continued from where Chapter 4 ended by exploring in detail the current economic patterns and trends in Cape Town, and their drivers. It was found that the private sector's preferences for safe builds with modern aesthetics, higher-income residential proximity on account of the higher disposable income, and the suitability of the property to meet modern operating standards were important drivers of the space economy's expansion in some places rather than others.

In light of these drivers, it was found that the hypothesis that the Voortrekker Road Corridor was not set to become the city's future primary economic corridor was tested and strongly supported. This was accomplished through the presentation of spatial analysis of the primary, secondary and tertiary sectors, supplemented by expert opinion. It was also found that areas attracting more investors, and therefore developing more significantly, were located along two North–South axes, one along the West Coast, and the other towards Tygervally. Both areas show dramatic growth North of the N1 in comparison to the N1's South, and these areas are likewise expanding towards the North.

Chapter 6 reviewed the City's SDF and found that rather than advocating for public investment along North–South axes, the West–East axis along the Voortrekker Road Corridor was favoured for development. This vision was found to be working against the current spatial economic trends in the city: that developers and tenants were unlikely to settle there if they could settle elsewhere in more favourable locations, despite the city's UDZ and CID initiatives, the area's relatively cheap land and rental rates, and its potential to be redeveloped.

Amendments to the SDF were also proposed, to be taken into consideration from a spatial economic perspective when the SDF is next reviewed. These amendments took into account the imperative of generating job opportunities and rectifying spatial inequalities through better access of residents in the Metro South East to areas of higher economic opportunity, specifically towards the North, as was illustrated in Chapter 5. These proposals included where and how the City should focus public expenditure, that is: to where there is greater attraction for investors. This should be done rather than attempting to 'bend the trend' by drive development into particular areas, as economic drivers have a fundamental influence on spatial patterns. The current spatial trends should be capitalised upon in order to maximise in a way that the citizens across the city can benefit. The emphasis, therefore, needs to be on enhancing the North–South transport routes while facilitating economic development along these routes so that they are inclusive of the city's residents.

7.2. Final remarks

It is strongly encouraged that this study be considered by the City of Cape Town's SDF Review Committee as it has been found that the current SDF does not adequately consider the city's economic trends in directing spatial development, while it also assumes that it has a greater capacity to drive economic development than that of the power of the economy to steer its own path. The goals of this dissertation are the same as those of the SDF, as it recognises the spatial and economic inequalities that exist in the city and the importance of allowing greater access to opportunities to people in the Metro South East. In light of this, this study has not sought to alter the principles of integration and shared access to opportunities to remedy the spatial injustices of the past, but rather, to highlight that the economy's influence on spatial development needs to be considered more prominently for the SDF's principles to be achieved.

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University of Cape Town

Addendum

1. Property Grading by Rode's Report (March 2013)

Office: Graded by Symbols according to quality

Grade A	Generally not older than 10 years, unless renovated; prime location; high-quality finishes; adequate on-site parking; air-conditioning.
Grade B	Generally 10-20 years old, unless renovated; accommodation to modern standards; prime location; air conditioning; on-site parking.
Grade C	Generally 20-30 years old, unless renovated; in fairly good condition although finishes are not up to modern standards; good location; may have on-site parking; unlikely to be centrally air-conditioned.
Grade D	A Building reaching the end of its functional life; old and in poor condition; near the bottom of the rental rate range; typically no air-conditioning and no on-site parking; may have good location.

(Rode's Report, March 2013)

Industrial: Graded in terms of ease to lease and its fulfilment of the following:

Prime building)	<ol style="list-style-type: none"> Generally in a good condition Satisfactory macro access (e.g. access to freeway) Satisfactory micro access (i.e. from street too Proper loading facilities Eaves >4m (excluding micro/mini units) Wide clear span of trusses (few internal pillars) On ground level Adequate three-phase electrical power. <p>These are prerequisites for an industrial property to be considered as prime. However, the property might have other qualities that are preferable to a particular function which increases its let ability. (e.g. office space accommodation, parking availability, roof insulation, storage space etc.</p>
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Secondary	Structures which have been haphazardly renovated, poor access, too little yard space or office accommodation, inadequate goods lifts, no three-phase power and obsolete electrics and ablution facilities. Such space is often (but not exclusively) found in highly urbanised areas.
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Comparative Grading of industrial and office space

Industry	Office
Prime +	A
Prime	B
Prime -	C
Secondary	D

(Rode's Report, March 2013)

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